



INFORMATION MEMORANDUM KIRLOSKAR OIL ENGINES LIMITED

(earlier known as Kirloskar Engines India Limited)

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

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Contact Person: Ms. Smita Raichurkar, Asst. Company Secretary and Compliance Officer

Kirloskar Engines India Limited was incorporated on 12 January 2009 under the Companies Act, 1956. It obtained a Certificate of Commencement of Business on 5 February 2009. The name was changed to Kirloskar Oil Engines Limited on 2 June 2010.

INFORMATION MEMORANDUM FOR LISTING OF 145,629,285 EQUITY SHARES OF RS.2/- EACH NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Kirloskar Oil Engines Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of Kirloskar Oil Engines Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

ABSOLUTE RESPONSIBILITY OF KIRLOSKAR OIL ENGINES LIMITED

Kirloskar Oil Engines Limited having made all reasonable enquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to Kirloskar Oil Engines Limited (which is material in the context of the issue of shares pursuant to the scheme, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on the **Company's website viz. www.kirloskar.com** The Information Memorandum would also be made available in the website of BSE (www.bseindia.com) and NSE (www.nseindia.com). The Bombay Stock Exchange Limited shall be the Designated Stock Exchange.

REGISTRAR AND SHARE TRANSFER AGENT



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(Unit: Kirloskar Oil Engines Limited)
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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
“KOEL” or “the Company” or “our Company” or “Resulting Company” or “Issuer Company” or “we” or “us” or “our”	Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited), a public limited company incorporated under the provisions of the Companies Act, 1956, having its registered office at Laxmanrao Kirloskar Road, Khadki, Pune – 411 003
Act / Companies Act	The Companies Act, 1956 and amendments thereto.
AGM	Annual General Meeting
Articles / Articles of Association	Articles of Association of the company
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
Auditor	Refers to M/s. Dalal and Shah, Chartered Accountants, 252, 2 nd Floor , Veer Savarkar Marg, Shivaji Park , Dadar West, Mumbai – 400 028, (Firm Registration No. 102021W) unless otherwise specified.
Board / Board of Directors	Board of Directors of the company including its committees thereof
BSE	Bombay Stock Exchange Limited
Capital / Share capital	Share capital of the company
CDSL	Central Depository Services (India) Limited
Designated Stock Exchange	The designated stock exchange for the issue shall be Bombay Stock Exchange Limited
Depositories Act	The Depositories Act, 1996 and amendments thereto
DP	Depository Participant
DSE	Designated Stock Exchange
EGM	Extraordinary General Meeting
Equity Share(s) or Share(s)	Means the equity share of the company having a face value of Rs. 2/- unless otherwise specified in the context thereof
Equity Shareholder	Means a holder of equity shares
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act,

	1999
FI	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
Financial Year / Fiscal / FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GOI	Government of India
HUF	Hindu Undivided Family
ICDR / ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
Industrial Policy	The Industrial Policy and Guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time
Investor(s)	Shall mean the holder(s) of equity shares of the company as on the Record Date.
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income Tax Act, 1961 and amendments thereto
KIL, Demerged Company	Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited)
Memorandum/Memorandum of Association	Memorandum of Association of the company
Mn	Million
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
Promoter(s)	Promoter and Promoter group
RBI	The Reserve Bank of India
Record Date	22 April 2010
Registered office of the Company	Laxmanrao Kirloskar Road, Khadki, Pune – 411 003
ROC	Registrar of Companies, State of Maharashtra, located at 3rd Floor, PMT Commercial Building, Deccan Gymkhana, Pune - 411 004
RTA / Registrar	Shall mean Link Intime India Private Limited
Scheme or Scheme of Arrangement	Scheme of Arrangement under section 391 to 394 and read with section 100 to 103 of the Companies Act, 1956 between Kirloskar Oil Engines Limited (now known as Kirloskar Industries

	Limited), Kirloskar Engines India Limited and their respective shareholders and as sanctioned by the Hon'ble High Court of Judicature at Bombay on 31 July 2009 read with its order dated 19 March 2010 and effective from 31 March 2010.
SEBI	Securities and Exchange Board of India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SIA	Secretariat of Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange(s)	BSE and NSE
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and amendments thereto
Wealth-Tax Act	The Wealth Tax Act, 1957 and amendments thereto

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is obtained from our financial statements. The fiscal year commences on 1 April and ends on 31 March of each year. As the Company was incorporated on 12 January 2009, the current fiscal year starts from 12 January 2009 and ends on 31 March 2010. However, the vesting and transfer of Engines and Auto Components Business from KIL to KOEL under the Scheme of Arrangement and as approved by the Hon'ble High Court of Judicature at Bombay has taken effect in terms of the Scheme. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

For additional definitions, please see the section titled **"Definitions and Abbreviations"** of this Information Memorandum. All references to "India" contained in this Information Memorandum are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the legal currency of the Republic of India.

Unless stated otherwise, Industry / financial data used throughout this Information Memorandum have been obtained from published data and industry publications. These publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information included in this Information Memorandum about various other companies is based on their respective Annual Reports and information made available by the respective companies.

FORWARD-LOOKING STATEMENTS

We have included statements in this Information Memorandum, which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. All forward-looking statements including the one that describe our objectives, plans or goals are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Regulatory changes and our ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in political conditions in India;
- Changes in the foreign exchange control regulations in India;
- Our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments;
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” of this Information Memorandum. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialize.

SECTION II – RISKS FACTORS

RISK FACTORS

Investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our equity shares could decline, and you may lose all or part of your investment.

A. INTERNAL TO THE COMPANY

Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited) is engaged in the design, manufacture, marketing and sale of Diesel Engines, Diesel Generating Sets, their spares and Auto Components ("Bearings"). The Company was incorporated in January 2009 with the objective of taking over the Engines and Bearings business of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited) pursuant to a Scheme of Arrangement approved by the High Court of Judicature at Bombay vide its order dated 31st July 2009 read with its order dated 19th March 2010.

1. The future success of the Engines business of the Company would depend on its ability to design, manufacture, market and sell products which use the appropriate technology and address the regulatory requirements related to emission norms for Diesel Engines and Diesel Generating Sets. Similarly the success of the Bearings business depends largely on acquiring and/or developing appropriate technology to address the requirements for lead free and high strength materials.
2. Our Engines Business catering to Agricultural Sector is exposed to risks such as uncertainty of monsoon; effectiveness of distribution channels in marketing the products and spares; competition from unorganized sector and from low cost products manufactured by Countries like China. The success of this business would be significantly affected by its ability to address these challenges.
3. The Off Highway Engines business is currently dependent on a few customers for a significant volume of business and future growth of this line of business would largely depend on the ability of the Company to execute appropriate strategies to broad base and diversify its customer base and to develop appropriate products for these customers. The demand for the products of this line of business is also significantly affected by the developments in the infrastructure sector, such as construction of roads and highways as the customers of this line of business are primarily engaged in manufacturing and selling equipment for this sector. Any significant change

- in the demand for such equipment affects the demand for the Company's products. The Company also faces the challenge of developing / acquiring technology to develop appropriate products which will also meet the regulatory requirements of the future.
4. Engines and Generating Sets as a part of Power Generation Segment constitute significant part of the Company's Business. The demand in this segment is influenced by changes in the infrastructure sector, especially Power and Telecom. The Generating sets are mainly used as backup/standby power and as power source for the towers erected by cellular operators. The demand for generating sets is therefore significantly influenced by the business plans of the cellular operators and by the availability of power in different parts of the country. The industry is also subject to competitive pressures from established players and new entrants as also competition from the unorganized sector. The success of this line of business is dependent on the ability of the Company to execute appropriate strategies to address the dynamic market situation and to meet regulatory requirements related to emission and sound.
 5. Large Engines Business of the Company caters to product applications in the Marine and Stationary Power Plant segments. The technology agreement with the current technology partner for present products is valid only until the end of year 2012, with the condition that renewal of agreement has to be in place before end of 2011. The Company is currently in discussions with current technology partner for renewal as also with other sources for diversifying into alternative markets / products. Future sustenance and growth of the business will be largely dependent on the successful renewal of current agreement and / or implementation of identified diversification strategies.
 6. The Bearings business of the Company mainly caters to the Automobile industry in India and is subject to cyclical nature of that industry. The demand for this business segment is from Original Equipment Manufacturers (OEMs) and from the Aftermarket. Continuous development of products suitable for new generation automotive engines is a critical factor for ensuring demand from the OEM and future sustenance and growth of this business. The company needs to acquire and/or develop appropriate technology to address the requirements for lead free and high strength materials.
 7. The Company imports raw material, components and spares and also capital equipment for its manufacturing operations. The Company is therefore exposed to volatility and fluctuations in the foreign currency markets. The adverse movement in the currency rates affects the cost of such imported components and capital equipments.

8. The Company is also exposed to interest rate fluctuations. An increase in prevailing Indian or international interest rates could increase the Company's borrowing costs with respect to its existing external commercial borrowings, which could affect the Company's financial results.

B. EXTERNAL TO THE COMPANY

1. The demand for the Company's products is influenced by the prices of Diesel and other fuels and consumables. The price of Diesel is dependent on the administered pricing mechanism policy of the Government of India and by international prices for crude oil and other fuels and consumables. Volatility in the prices of these materials has an impact on the demand for the Company's products.
2. The Company's performance is highly co-related to the performance of various sectors of the economy. The health of the economy in turn depends on the state of the global economy, domestic economic growth, balance of payment, fiscal deficit, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of the Company.
3. India has experienced natural calamities such as earthquakes, a tsunami, floods and droughts in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting directly or indirectly, our business and the price of our equity shares on the stock markets.
4. Indian stock exchanges have experienced substantial fluctuations in the prices of the listed securities in the past. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiments. If similar problems occur in the future, the market price or liquidity of the equity shares could be adversely affected.
5. Political Turmoil is an inherent risk faced by all the operating businesses. Any significant change in the Government policies that adversely affect the business and economic conditions in India could also adversely affect the

business, future financial performance and the price of the Company's equity shares.

6. After the listing, the prices of the Company's equity shares may be volatile and fluctuate. There can be no assurance that an active trading market for the equity shares will develop or sustain.
7. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. Our future dividend policy will be governed by these factors.

SECTION III – INTRODUCTION

Summary

Following summary shall be read together with the risk factors and the more detailed information about us and our financial results included elsewhere in this Information Memorandum.

Industry and Business Overview

The operations of Company comprise of Engines and Bearings business. This business segmentation forms the basis for review of operational performance.

The growth rate stated in this report relating to the operations of the Company is with reference to the same business that was carried on by KIL in the previous year.

Industry Overview

The robust performance of Indian Economy in the second quarter of fiscal 2010-11 is set on the backdrop of persistent sluggishness in the advanced economies and positive signals from Emerging Market Economies. During the first quarter of 2010-11, the Indian economy grew at a rate of 8.8% and is expected to grow at the rate of 8.5% for the full fiscal of 2010-11.

The normal south-west monsoon and its delayed withdrawal has boosted the prospects of both Kharif and Rabi agricultural production.

Industrial growth during the current fiscal has been robust, although there is an increase in volatility in the growth rate. The index of industrial production recorded a lower growth of 5.6% in August 2010 as compared with 10.6% in August 2009.

The fragile nature of recovery in the advanced economies has raised concerns regarding sustainability of the global recovery. The concerns regarding the slow recovery have prompted some advanced economies to consider a further round of quantitative easing to further stimulate private demand in these economies. While these measures may benefit the global economy in the medium term, in the short term, this is likely to lead to further capital inflows in the emerging markets including India and put pressure on global commodity prices.

The upward pressure on global commodity and food prices and increased inflows present a challenge to the Indian economy in the form of inflationary conditions in the domestic market during the current year. With the introduction of measures such as hike in the policy rates, inflation is sought to be controlled in the remaining quarters of the current fiscal. The effectiveness of these measures will to a large extent determine the overall performance of the economy in the short and medium term.

Company Performance:

During the half year ended 30 September 2010, the Company achieved sales of Rs.1192 Crores and the profit before tax of Rs. 122 Crores.

BUSINESS WISE OPERATIONAL PERFORMANCE

The Company caters to the needs of Customers spread over all the three sectors of the Economy i.e. *Agriculture, Industry & Services*.

A. ENGINE BUSINESS

1. Agriculture & Off Highway Engines Business

During the financial year ended 31st March 2010, the Company increased its market share in the Agri segment from 8% to 17%. During the half year ended 30 September 2010, the Company succeeded in further enhancing its market share of the domestic Agri Segment to 25% registering a growth of 36% in this segment.

This has been possible as a result of proactive measures such as further pruning of the product basket as well as restructuring of supply channel and aggressive launch of new products viz.; AV1XL and N1-N4 pump-sets. During the half year ended 30 September 2010 Company could successfully sell over 7,000 AV1XL and N1-N4 pump-sets.

During half year ended 30 September 2010, the Off Highway Segment witnessed substantial buoyancy as demand in several segments such as earthmoving, construction and material handling started picking up. Company successfully commenced shipments for new applications and new customers acquired during the financial year ended 31st March 2010. This enabled the Company to register a growth of over 50% in the domestic Off Highway Segment.

Overseas Agri & Off Highway Market experienced a cautious revival. Exports grew by 20% in the Agri Segment and by 40% in the Off Highway Segment.

2. Power Generation Engines Business

Owing to the growth in the Real Estate, Construction and Infrastructure as well as in Service industry, Auto and Industry segment, the first half of financial year 2010-11 saw revival of the domestic Power Generation market, with the exception of Telecom Segment. The overall market for the year is expected to grow by 12%. Due to reduction in the capex expansion plan of Telecom players, the Telecom Segment continued to show declining trend for the DG business.

During the financial year ended 31st March 2010, the Company has launched DV series engines with in-house 4 Valve High Pressure Central Injection (HPCI) technology. The engines are fuel efficient and environment friendly. In addition to

DV series, the company has also launched Gas Gensets in the range of 15 to 140 kVA.

The fragile nature of economic recovery in the overseas markets served by your Company continues to be a matter of concern. The Company has worked out plans to selectively focus on the emerging overseas markets of Africa, Middle East & Asia through creation of Sales & Distribution Channels. Company has appointed persons to actively support the Channel Partners at key geographical locations in countries such as UAE, Nigeria, South Africa, Kenya & Indonesia. Successful user trial of the Company's products for telecom segment in the emerging overseas markets is paving the way for developing business with Telecom Customers in those markets. Once the rollout plans are in place the Company would be able to achieve major breakthroughs in export sales.

3. Customer Support Business

The all India network of over 100 Service Dealers having 308 well equipped Service Outlets has taken us closer to Customers. KOEL Customer Support is playing a key role in providing Services to Agriculture, Off-High way and Power Generation Engines. Over 60,000 cellular site towers are powered with Kirloskar D.G. Sets. KOEL Customer Support is providing round the clock service to all sites through CMC Contracts with Cellular Operators.

The time to time up gradation of systems and procedures and other initiatives helped us in securing customer confidence, resulting in continued growth of 19% in spare parts sales and additional revenue generation through CMC contracts with Cellular Operators.

4. Large Engines Business

During the first half of current financial year, the Company manufactured and supplied to Goa Shipyard (GSL), 2 Main Propulsion engines of 20PA6BSTC type, rated at 11,000 HP each. These engines will provide propulsive power to the Naval Offshore Patrol Vessel, being built by GSL.

The Company successfully installed and commissioned new test facility for testing Diesel Engines upto 3600 kw at 1500 RPM.

The Company's focus is to provide excellent after sales service to its customers, including Indian Navy and Indian Coast Guard.

The Company expects to receive new orders from the Stationary Power Plants sector, in the Indian and African markets.

5. Khadki Plant

As part of product range expansion in Power Generation and Off Highway engine segments, Company has introduced DV8 and DV12 engines. The DV engine family

will now cover the entire range from 350 KVA to 600 KVA. This will also enable the Company to address the needs of customers in Off Highway Markets for equipments such as water well rigs, locomotives, fire pumps, motor graders, dumpers in the 355 hp to 600 hp range.

Company has also launched following new engine series:

- FA series engines in Agricultural market
- 3 / 4 R 810 in off highway market.
- 4K 1080 and 6K1080 in Power Generation Market.

With a view to transform into a modern manufacturing facility, the Company has undertaken major plant renovation projects, including modernization of machining lines, assembly and testing facilities.

6. Kagal Plant

During the period Apr-Sep 2010, Kagal Engine Plant produced 24,397 Engines and 12,087 Varsha Pump Sets, showing a growth of 13% and 56% respectively over the corresponding period of previous financial year.

Kagal Genset Plant produced 4,367 Genset, showing a growth of 36% over the corresponding period of previous financial year.

DV series Gensets of 400 KVA and 500 KVA were successfully productionized using DV 8 and DV 10 engines respectively with in-house manufactured canopies. DV 10 Gensets were supplied for powering the common wealth games opening and closing ceremonies at New Delhi.

During this period, the plant successfully added 41 engine models and 8 engine components to fulfil the needs of customers in Off Highway and Power Generation businesses.

The straight pass percentage at the customer end has reached to 98.5 % by ensuring zero defects on account of short and wrong supplies .

7. Rajkot Plant

During half year ended 30 September 2010, the plant expanded its supplier and manufacturing capacity by 33 % as compared to corresponding 6 months of the previous year.

The plant manufactured 30 % more engines for Export markets as compared to corresponding 6 months of the previous year.

B. BEARINGS BUSINESS

The automobile industry continues to be buoyant and thereby providing tremendous opportunities for growth in the first half of current financial year. This has resulted

in significant increase in business and witnessed strong order board through out the period. The second half is anticipated to follow the similar trend.

The Company, as a part of strategy of focusing only on the Engine business, has decided to exit the Bearings business. Considering this strategy and the risks associated with the bearings business, the Board of Directors in its meeting held on 21 October 2010 has approved the disposal of Bearings Division Business to Pierburg India Private Limited ("PI"), subject to (I) finalization of terms and conditions resulting into a Business Transfer Agreement ("BTA") (II) other ancillary agreements being entered into by the respective parties thereto, (III) the approval of the shareholders of the Company under Section 293(1)(a) of the Companies Act, 1956, pursuant to a postal ballot under Section 192A of the said Act and (IV) all other requisite corporate, regulatory and third party consents and approvals being obtained, as may be required for this purpose. This consent of Board of Directors was informed to BSE and NSE on same date. As on the date of Information Memorandum, BTA is still not executed.

C. RESEARCH & ENGINEERING

Company continuously strives to fill the product gaps by developing new products and also new applications for existing products.

1. New Products and Product Developments:

Company is developing the new variants of DV series with Common Rail Direct Injection system (CRDI) to meet future emission norms and deliver the best fuel consumption in the range of 400 KVA to 1000 KVA for power generation market. The first proto engine for 500 hp was tested successfully.

The Company is developing a new variant of DV series for 1800 rpm to address the 60 Hz frequency requirement of power generation for export market.

The Company successfully developed new variants of Varsha Pumpset to meet higher head requirement of specific region. These variants should make Varsha Pumpset a pan India Product.

A new variant of 4R1040 engine series with high end technology like electronic injection, four valve configuration and after treatment to meet the emission norms beyond 2015 for off-highway and power generation market is being developed.

Four models of FM / UL certified 4R 1040 series for firefighting set are under productionization

In Off Highway Market, Company successfully developed and supplied over 25 Prototype Engines for several equipments to support the new customer acquisition plan.

2. Technology

The emission upgrade of Off Highway engines to fulfill the ensuing 2011 BS-III emission norms has been achieved successfully. More than 50 applications for 30 OEMs has been developed and proto dispatch of BS III engine has started.

The Company has successfully developed power generating sets running on bio-fuels like bio-gas and straight vegetable oils (SVO) and bio-diesel. The product is ready to fulfill the requirement of green energy system.

Company is working on producer gas run engine technology to meet the remote rural power generation needs. The company is committed to adopt Green Technology and make prudent investments in such technologies on a continuing basis.

D. INDUSTRIAL RELATIONS

The Company continued to maintain and improve its healthy and harmonious industrial relations. The Union at Khadki plant has recently reconstituted its Apex, Industrial Relations and Grievance Handling Committees. A tailor made training capsule is developed for these committee members and periodical training programs are being organized to groom them as effective leaders.

For the sixth consecutive time, the Union and Company have executed the wage agreement at Khadki on 31 March 2010, prior to the expiry of the previous agreement.

Employees' health is of prime importance to Company. Along with Medical checkup of employees Company regularly conducts lectures on health, fitness, common ailments and deceases and life style improvement with a view to enhance health awareness.

In June, 2010, KOEL Khadki was awarded the "Best Human Response Award", jointly initiated by Rotary Club of Pune (West) and MCCIA.

Development of employees is an important focus area for the Company. Employees are encouraged to participate in programs such as out-bound training, team building, and also various participative activities within and outside the company.

A well maintained sports ground is provided and employees avail this facilities after working hours. Yoga classes are conducted for the employees thrice a week.

E. HUMAN RESOURCES

The Company focuses on the measures to develop, nurture and retain managerial talent. Training and development is the main focus area.

Company has undertaken various initiatives in the areas of organization structuring, developing job descriptions, job evaluation, leadership development programs, managerial performance management system etc.

With the objective of assessing the effectiveness of various measures undertaken by the Company, periodic "Employee Engagement Survey" is conducted through an independent agency. Findings of the survey are studied and shared with managers across all locations and appropriate action plan is developed and implemented to address the findings of the survey.

The total number of employees of the company as on 30th September 2010 is 3442.

F. ENVIRONMENT, ENERGY CONSERVATION, EMPLOYEE HEALTH & SAFETY

During the half year ended 30th September 2010, Company took following initiatives

1. Environment

- Khadki, Kagal, Nashik & Nagar plants are certified under EMS, ISO 14001: 2004 (*Environmental Management System*), and OHSAS 18001:2007.
- Implementation of ISO14001 & OHSAS18001 is in process at Rajkot plant
- 2,166 additional trees are planted across the Kagal plant

2. Energy Conservation & Process Enhancements

a. Khadki Plant

- Installation of Polycarbonate roofing sheets at RA shop to utilize daylight
- Wind driven turbo ventilators for better air circulation.
- Installation of Energy Efficient T5 lighting at RA shop.
- Replacement of HPSV / HPMV street lights by LED fittings.

b. Kagal Plant

- Installation of Polycarbonate roofing sheets to utilize daylight.
- Replacement of Centrifugal Compressor Intercooler.

c. Ahmednagar Plant

- Installation of polycarbonate roofing sheets to utilize daylight
- Installation of wind driven turbo ventilators

d. Nashik Plant

- Installation of polycarbonate roofing sheets to utilize daylight
- Installation of wind driven turbo ventilators

e. Rajkot Plant

- Initiated various Energy Conservation Projects
- Recycling of Lub. Oil for engine testing through authorised recycler
- Replacement of CRT monitors by LCD monitors.

3. Employee Health and Safety

- Asbestos roof replacement program at Khadki, Nashik and Ahmednagar plants.
- Modification and upgradation of ETP (Effluent Treatment Plant) at Kagal.
- Actions initiated on reports received on Electrical Safety Audits through National Safety Council (NSC) at Khadki, Kagal, Nasik & Rajkot plants.
- Started in-house medical center and ambulance facility at Ahmednagar Plant
- Conducted competitions on Energy Conservation (ENCON), Occupational Health & Safety at all locations along with Environment Day celebration.

4. Certification and Awards

During the half year ended 30 September 2010, Khadki plant received National Award in Energy Conservation (ENCON) by CII.

G. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company has continued to undertake CSR initiatives for the communities around KOEL manufacturing Locations at Khadki, A'Nagar, Nashik, Kagal and Rajkot, in the areas of Environment, Health, Education and Livelihood.

Following are main initiatives:

Environment

- Tree Plantation
- PUC Check up camps
- Environment Awareness Program
- ENCON Initiatives

Health

- Life skill training program
- Health awareness program
- Workshops on de-addiction
- Sports events
- Health Check up Camps
- Spraying and Fogging operations for disease prevention

Education

- Sponsorship of education through Akanksha center;
- Cash awards to meritorious students of nearby schools;

- Sponsor children from orphanage center;
- Computer literacy programs
- Study visit to factory
- School items to primary school children from the community.
- Primary school teacher's training
- "Anganwadi" and "Balwadi" teacher's training and workshops
- Career guidance workshop

Livelihood

- Workshops on income generation for Self Help Groups e.g. snacks making, marketing skills, paper bag making, exhibition cum sale.

Apart from above, Company has also participated in Water Sanitation and Hygiene (WASH) Initiatives undertaken by Kirloskar Foundation at nearby schools.

H. COST CONTROL

During the half year ended 30 September 2010, cross functional teams led by Corporate sourcing & Corporate Research and Engineering continued to work on various projects to drive down the cost of end products.

I. QUALITY ASSURANCE

The Company's initiatives towards process improvement have shown positive results in following key quality metrics:

- i) Right first time acceptance of new protos,
- ii) Customer claims / 100 engines
- iii) Non conformance levels at different stages of value creation.

The six sigma initiative has sustained well. The company could groom 50 certified Black Belt holders and 110 Green belt holders. More than 100 improvement projects were completed as part of initiatives towards quality and productivity enhancement.

The Company has switched over to *IT enabled* Quality Assurance system across all its plants that enables *real time* data capturing, storage and review of key quality metrics. This has enabled security of the key quality data and also helped in expediting needed actions.

J. BUSINESS EXCELLENCE

The Company participated in CII EXIM Bank Award for Business Excellence 2009 and has received the "**Commendation Certificate for Strong Commitment to Excel**". During current year, Company continued with various Business excellence initiatives.

CONCERNS & THREATS

The current year holds a lot of hope and confidence for the Indian Industry. However, monetary measures to control inflation and soak up excess liquidity generated through stimulus packages are also likely to put pressure on the interest rate thereby increasing the cost of capital. The recent Euro zone crisis may further slow down the recovery of Global Economy. The Company will continue to closely monitor the developments in the Indian and Global economy and strive to protect and enhance value for its stakeholders through appropriate business initiatives and responses.

The inflationary trend is expected to soften during the second half of the current fiscal on account of the satisfactory monsoon and the impact of monetary measures of the Reserve Bank. However, if the inflationary trend does not soften as expected, it is likely to adversely affect the demand and impact on the growth projections.

Several Global Players in the Automotive, Power Generation as well as Off Highway markets are in the process of setting up their operations in India. Thus the competitive landscape in the Equipment Market is poised for a change, since the new entrants will attempt to maximise their share of Indian Market. Company has acquired New Customers and developed new applications for its products during the half year ended 30th September 2010 and will continue to design appropriate market strategies to address the competitive landscape in India.

Auto Majors are aggressively booking the plant capacity of Suppliers which can create pressure on company to obtain quality components.

Keeping in view the above scenario, Major Players may explore consolidation of their businesses. Though it is difficult to assess the impact of such consolidation now, Company will continue to watch such market movements and prepare an appropriate response.

PROSPECTS FOR THE CURRENT YEAR

Unlike several economies of the developed as well as developing world, the Indian Economy got back on its feet, rather quickly, thus demonstrating its intrinsic strengths, largely driven by domestic demand.

During the current financial year 2010-11, Company anticipates overall economic growth of around 8.5% to 9%; *the Services Sector of economy will be the major driver*. However in the near term, the economy is most likely to heat up due to spiraling inflation which is likely to soften the demand during the second half, before picking up again during the first quarter of 2011-12.

Government of India has laid heavy emphasis on Infrastructure especially the Urban Infrastructure as well as National Highways by enhancing budgetary allocation as well as setting up lending mechanism through IIFCL. In Agriculture sector, Government has stepped up credit flow to farmers by over Rs. 50,000 Cr.

In the Power Generation segment, 'Power Deficit' will continue to drive the demand. Company does not expect the deficit to go below 10% during the current financial year. Besides this, Company expects two other drivers to come into play viz.; changing life style of Target Customers and increasing per capita power consumption which is expected to rise *by 30% to 1,000 units of energy*. Besides conventional Power Generation, Government of India has announced setting up of new Nuclear Power Plants. Company has already taken lead by successfully supplying large Gensets to Kalpakkam Nuclear Power Plant.

Keeping in view the general positive business environment, Company's revenue is likely to increase by around 15% in value terms during the current financial year.

GENERAL INFORMATION

Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited)

The Company was incorporated as a public limited company on 12 January 2009 under the Companies Act, 1956. Corporate Identification Number (CIN) of the Company is U29120PN2009PLC133351. The Company has obtained Certificate of Commencement of Business on 5 February 2009 from Registrar of Companies, Pune, Maharashtra. The name of the Company has been changed to Kirloskar Oil Engines Limited pursuant to the Scheme of Arrangement. The Registrar of Companies, Pune issued a fresh certificate of incorporation consequent to the change in name of the Company on 2 June 2010.

Registered Office

Kirloskar Oil Engines Limited
Laxmanrao Kirloskar Road, Khadki,
Pune – 411 003
Tel No.: (020) 25810341
Fax No. : (020) 25813208/25810209
E mail: investors@kirloskar.com
CIN: U29120PN2009PLC133351

Board of Directors as on the date of Information Memorandum

Sr. No.	Name of the Director	Designation	Directors Identification Number (DIN)
1.	Atul C. Kirloskar	Chairman and Managing Director	00007387
2.	Gautam A. Kulkarni	Joint Managing Director	00007542
3.	Rahul C. Kirloskar	Whole Time Director	00007319
4.	R.R. Deshpande	Executive Director	00007439
5.	U.V. Rao	Independent Non Executive Director	00012490
6.	R. Srinivasan	Independent Non Executive Director	00043658
7.	H.M. Kothari	Independent Non Executive Director	00009873
8.	M. Lakshminarayan	Independent Non Executive Director	00064750
9.	P.G. Pawar	Independent Non Executive Director	00018985
10.	A.N. Alawani	Independent Non Executive Director	00036153
11.	Nihal G. Kulkarni	Non Independent Non Executive Director	01139147
12.	Dr. Naushad Forbes	Independent Non Executive Director	00630825

(For further details of the Board of Directors of the Company, please refer to the section – Management on page no. 58 -74)

Authority for listing:

The Hon'ble High Court of Bombay, vide its order dated 31 July 2009 read with its order dated 19 March 2010, has approved the Scheme of Arrangement between Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited - Demerged Company) and Kirloskar Engines India Limited (now known as Kirloskar Oil Engines Limited- Resulting Company) and their respective shareholders & creditors, whereby the Engines and Auto Components Division of the Demerged Company has been vested with the Company.

NSE and BSE have already given their In-principle approval to the Scheme of Arrangement as required by Clause 24(f) of the Listing Agreement.

The Equity shares of the Company to be issued pursuant to the Scheme shall be listed and admitted for trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria in terms of Regulation 26(1) of SEBI (Issue of Capital & Disclosure) Regulations, 2009 do not become applicable. However, the company has applied to SEBI for relaxation from the applicability of provisions of Rule 19(2)(b) of the Securities Contract (Regulations) Rules, 1957, in accordance with Circular No SEBI/CFD/SCRR/01/2009/03/09 dated 3rd September, 2009 issued under section 11 of the Securities and Exchange Board of India Act, 1992, read with sub-rule (7) of rule 19 of the Securities Contract Regulation Rules, 1957. The Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through its website viz. www.bseindia.com and www.nseindia.com. The Company has also placed this Information Memorandum on its website viz. www.kirloskar.com. The Company will publish an advertisement in the news papers containing its details in line with the details required in terms of SEBI Circular No SEBI/CFD/SCRR/01/2009/03/09 dated 3rd September, 2009

Auditors

M/s Dalal and Shah
Chartered Accountants
(Firm Registration No. 102021W)
Address - 252, 2nd Floor, Veer Savarkar Marg,
Shivaji Park, Dadar West, Mumbai – 400 028,
Tel: 022 – 66691000
Fax: 022 – 66547800/01

Bankers to the Company

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

Compliance Officer

Smita Raichurkar
Asst. Company Secretary
Kirloskar Oil Engines Limited
Laxmanrao Kirloskar Road, Khadki,
Pune - 411 003
E-mail address: Smita.Raichurkar@kirloskar.com
Telephone No.: 020 - 25810341
Fax No.: 020 – 25813208/25810209

Registrar and Share Transfer Agent

Link Intime India Private Limited,
Block No. 202, 2nd Floor, Akshay Complex,
Near Ganesh Temple, Off Dhole Patil Road,
Pune – 411 001
Tel. No.: (020) 2605 1629
Fax No.: (020) 2605 3503
E mail: pune@linkintime.co.in
Contact Person: Mr. P. N. Albal, Assistant Vice President – Pune Operations

CAPITAL STRUCTURE

SHARE CAPITAL

Consequent to issue and allotment of shares pursuant to the Scheme, the share capital of the Company is as follows;

PRE SCHEME OF ARRANGEMENT

Particulars	Amount (Rs.)
Authorised Share Capital	
5,00,000 equity shares of Rs. 2/- each	10,00,000
Total	10,00,000
Issued, Subscribed and Paid-up Share Capital	
5,00,000 equity shares of Rs. 2/- each	10,00,000
Total	10,00,000

POST SCHEME OF ARRANGEMENT

Particulars		Amount (Rs.)
Authorised Share Capital		
20,00,00,000 equity shares of Rs. 2/- each		40,00,00,000
Total		40,00,00,000
Issued and Subscribed Share Capital		
14,56,29,750 equity shares of Rs. 2/- each		29,12,59,500
Total		29,12,59,500
Paid-up Share Capital		
14,56,29,750 equity shares of Rs. 2/- each	29,12,59,500	
Less:		
465 equity shares of Rs. 2 each to be kept in abeyance as per Scheme of Arrangement	930	
Total	29,12,58,570	29,12,58,570
Share Premium Account		
Before the scheme		-
After the scheme		-

There is no change in share capital of the Company after the date of allotment i.e. April 30, 2010.

Pursuant to the Scheme of Arrangement, 15 (fifteen) new equity share of Rs. 2/- has been issued and allotted to every shareholder of KIL holding 20 (twenty) equity shares and round thereof as on the record date. All fractional entitlements arising out of the said allotment of equity shares are as far as practicable clubbed and allotted to the Committee of Directors as appointed by the Board of Directors at its meeting held on 30 March 2010. The Committee would sell such shares and distribute the net sell proceeds to the members entitled respectively, in proportion to their fractional entitlements after deducting all related expenses.

Notes to Capital Structure

Authorised Share Capital

The Company was incorporated with the authorised share capital of Rs. 10,00,000 (Rupees ten lacs only) divided into 5,00,000 (five lacs) equity shares of Rs. 2/- (Rupees two only) each. At the Extra-ordinary General Meeting of the Company held on 30 March 2010, the authorised share capital of the Company was increased from Rs. 10,00,000 (Rupees ten lacs only) to Rs. 40,00,00,000 (Rupees forty crores only) dividend into 20,00,00,000 equity shares of Rs. 2/- each.

Issued, Subscribed and Paid-up Share Capital

The paid-up share capital of the Company at the time of incorporation was Rs. 10,00,000 (Rupees ten lacs only).

Prior to the effectiveness of the Scheme, the Company was a wholly owned subsidiary of Kirloskar Industries Limited and the entire share capital of the Company comprising Rs 10,00,000 divided into 5,00,000 equity shares of Rs. 2 each were held by KIL and its nominees. Pursuant to the scheme such shares stand cancelled

2) Details of transfers among the promoter group during the period from date of approval of Scheme till the date of Information Memorandum

There were no transfers amongst the promoter group during the period from the date of approval of the Scheme till the date of Information Memorandum.

SHAREHOLDING PATTERN

Statement showing Shareholding Pattern (Pre and Post Allotment)

1. Pre Allotment

Name of the Company: Kirloskar Engines India Limited (now known as Kirloskar Oil Engines Limited)	
Scrip Code:	Date as on: Pre-scheme of arrangement

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A + B) ¹	As a percentage of (A + B + C)
(A)	Shareholding of Promoter and Promoter Group²					
(1)	Indian	NIL	NIL	NIL	0.00	0.00
(a)	Individuals/ Hindu Undivided Family	NIL	NIL	NIL	NIL	NIL
(b)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL
(c)	Bodies Corporate	7	500,000	NIL	100.00	100.00
(d)	Financial Institutions/ Banks	NIL	NIL	NIL	NIL	NIL
(e)	Any Other (specify)	NIL	NIL	NIL	NIL	NIL
	Sub-Total (A)(1)	7	500,000	NIL	100.00	100.00
(2)	Foreign	NIL	NIL	NIL	NIL	NIL
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	NIL	NIL	NIL	NIL	NIL
(b)	Bodies Corporate	NIL	NIL	NIL	NIL	NIL
(c)	Institutions	NIL	NIL	NIL	NIL	NIL
(d)	Any Other (specify)	NIL	NIL	NIL	NIL	NIL
	Sub-Total (A)(2)	NIL	NIL	NIL	NIL	NIL

¹ For determining public shareholding for the purpose of Clause 40A

² For definitions of "Promoter" and "Promoter Group", refer to Clause 40A

	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	7	500,000	NIL	100.00	100.00
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Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A + B) ³	As a percentage of (A + B + C)
(B)	Public shareholding⁴					
(1)	Institutions					
(a)	Mutual Funds/ UTI	NIL	NIL	NIL	NIL	NIL
(b)	Financial Institutions/ Banks	NIL	NIL	NIL	NIL	NIL
(c)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL
(d)	Venture Capital Funds	NIL	NIL	NIL	NIL	NIL
(e)	Insurance Companies	NIL	NIL	NIL	NIL	NIL
(f)	Foreign Institutional Investors	NIL	NIL	NIL	NIL	NIL
(g)	Foreign Venture Capital Investors	NIL	NIL	NIL	NIL	NIL
(h)	Any Other (specify)	NIL	NIL	NIL	NIL	NIL
	Sub-Total (B)(1)	NIL	NIL	NIL	NIL	NIL
(2)	Non-institutions					
(a)	Bodies Corporate	NIL	NIL	NIL	NIL	NIL
(b)	Individuals -					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	NIL	NIL	NIL	NIL	NIL
(b)	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	NIL	NIL	NIL	NIL	NIL
(c)	Any Other (specify)	NIL	NIL	NIL	NIL	NIL
	Sub-Total (B)(2)	NIL	NIL	NIL	NIL	NIL

³ For determining public shareholding for the purpose of Clause 40A

⁴ For definitions of "Public Shareholding", refer to Clause 40A

	Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL
	TOTAL (A) + (B)	7	500,000	500,000	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL
	GRAND TOTAL (A) + (B) + (C)	7	500,000	500,000	100.00	100.00

(I)(b) **Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}
1.	Kirloskar Industries Limited #	499,994	100.00
2.	Kirloskar Industries Limited# jointly with Mr. Atul C. Kirloskar	1	0.00
3.	Kirloskar Industries Limited # jointly with Mr. Gautam A. Kulkarni	1	0.00
4.	Kirloskar Industries Limited # jointly with Mr. Rahul C. Kirloskar	1	0.00
5.	Kirloskar Industries Limited # jointly with Mr. Sanjay C. Kirloskar	1	0.00
6.	Kirloskar Industries Limited # jointly with Mr. A.N. Alawani	1	0.00
7.	Kirloskar Industries Limited # jointly with Mr. R.R. Deshpande	1	0.00
TOTAL		500,000	100.00

The name of Kirloskar Oil Engines Limited has been changed to Kirloskar Industries Limited with effect from 31 March 2010.

(I)(c) Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}
1.	Nil		
2.	Nil		
TOTAL			

(I)(d) Statement showing details of locked-in shares

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}
1.	Not Applicable	Nil	Nil
TOTAL			

(II)(a) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}
1.	Nil			
2.	Nil			
TOTAL				

(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}
1.	Not Applicable	-	Nil	Nil

2.	Not Applicable	-	Nil	Nil
TOTAL				

2. Post Allotment

Theses shares are issued and allotted on 30 April 2010 in terms of the Scheme of Arrangement:

Category Code	Category of Shareholder	Number of Shareholders	Total No. of Shares	No. of Shares held in Demat Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(I V)*100
(A)	Shareholding of Promoter and							
(1)	Indian							
(a)	Individuals / Hindu Undivided Far	24	22,651,018	22,650,838	15.55	15.55	2,542,500	11.22
(b)	Central / State Governments	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	2	68,179,019	68,179,019	46.82	46.82	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(1)	26	90,830,037	90,829,857	62.37	62.37	2,542,500	2.80
(2)	Foreign							
(a)	Individuals (NRIs/Foreign Individ	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Any Other	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0.00
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		26	90,830,037	90,829,857	62.37	62.37	2542500	2.80

There is no change in share capital of the Company after the date of allotment i.e. April 30, 2010.

Name of the Company: Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited - Resulting Company)						Scrip Code (BSE):		
As on : April 30, 2010						Symbol (NSE):		
Category Code	Category of Shareholder	Number of Shareholders	Total No. of Shares	No. of Shares held in Demat Form	Total Shareholding as a % of Total No. of		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(I V)*100
(B)	Public Shareholding						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds/ UTI	42	6,675,879	6,624,528	4.58	4.58		
(b)	Financial Institutions / Banks	17	3,827,102	3,763,647	2.63	2.63		
(c)	Central / State Governments	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	5	6,167,668	6,167,481	4.24	4.24		
(f)	Foreign Institutional Investors	21	16,366,089	16,359,339	11.24	11.24		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Any Other	0	0	0	0.00	0.00		
	Sub-Total (B)(1)	85	33,036,738	32,914,995	22.69	22.69		
(2)	Non Institutions						NA	NA
(a)	Bodies Corporate	521	2,890,643	2,781,432	1.98	1.98		
(b)	Individuals holding nominal share capital							
	i. upto Rs. 1 Lakh	32,074	14,941,833	10,778,938	10.26	10.26		
	ii. In excess of Rs. 1 Lakh	27	3,400,823	3,210,248	2.34	2.34		
c)	Any Other:							
	Clearing Members	24	49,160	49,160	0.03	0.03		
	Foreign Company	0	0	0	0.00	0.00		
	Market Maker	22	33,238	33,238	0.02	0.02		
	Foreign Nationals	0	0	0	0.00	0.00		
	NRI (Repatriate)	211	220,312	170,116	0.15	0.15		
	NRI (Non-Repatriate)	75	226,501	226,501	0.16	0.16		
	OCB's	0	0	0	0.00	0.00		
	Sub-Total (B)(2)	32,954	21,762,510	17,249,633	14.94	14.94		
	Total Public Shareholding (B)=(B)(1)+(B)(2)	33,039	54,799,248	50,164,628	37.63	37.63	NA	NA
	TOTAL (A)+(B)	33,065	145,629,285	140,994,485	100.00	100.00		
(C)	Shares held by custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00	NA	NA
	GRANT TOTAL (A)+(B)+(C)	33,065	145,629,285	140,994,485	100.00	100.00	2,542,500	2.80

Statement showing details of shareholding of Promoters:

Name of the Company: Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited - Resulting Company)				Scrip Code (BSE):		
As on : April 30, 2010				Symbol (NSE):		
Sr. No.	Name of the Shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number of Shares	As a % of grand total (A+B+C)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III) *100	(VII)
1	Kirloskar Brothers Investments Limited	55,427,452	38.06	0	0.00	0.00
2	Pooja Credits Private Limited	12,751,567	8.76	0	0.00	0.00
3	Vikram Shreekant Kirloskar	65,702	0.05	0	0.00	0.00
4	Atul Chandrakant Kirloskar	2,781,957	1.91	0	0.00	0.00
5	Mrinalini Shreekant Kirloskar	55,972	0.04	0	0.00	0.00
6	Mrinalini Shreekant Kirloskar	31,875	0.02	0	0.00	0.00
7	Suman Chandrakant Kirloskar	31,875	0.02	0	0.00	0.00
8	Roopa Jayant Gupta	20,887	0.01	0	0.00	0.00
9	Suman Chandrakant Kirloskar	21,427	0.01	0	0.00	0.00
10	Geetanjali Vikram Kirloskar	37	0.00	0	0.00	0.00
11	Kirloskar Vikram Shreekant	3,787	0.00	0	0.00	0.00
12	Sanjay Chandrakant Kirloskar	3,750	0.00	0	0.00	0.00
13	Atul Chandrakant Kirloskar	375	0.00	0	0.00	0.00
14	Rahul Chandrakant Kirloskar	2,725,520	1.87	0	0.00	0.00
15	Gautam Achyut Kulkarni	3,303,770	2.27	0	0.00	0.00
16	Suman Chandrakant Kirloskar	75	0.00	0	0.00	0.00
17	Sanjay Chandrakant Kirloskar	217	0.00	0	0.00	0.00
18	Sanjay Chandrakant Kirloskar	180	0.00	0	0.00	0.00
19	Rahul Chandrakant Kirloskar	3,435	0.00	0	0.00	0.00
20	Neeta Achyut Kulkarni	427	0.00	0	0.00	0.00
21	Jyostna Gautam Kulkarni	3,857,250	2.65	0	0.00	0.00
22	Arti A. Kirloskar	3,600,000	2.47	0	0.00	0.00
23	Alpana R. Kirloskar	3,600,000	2.47	0	0.00	0.00
24	Rahul Chandrakant Kirloskar	1,027,500	0.71	1,027,500	100.00	7.07
25	Atul Chandrakant Kirloskar	1,065,000	0.73	1,065,000	100.00	7.33
26	Gautam Achyut Kulkarni	450,000	0.31	450,000	100.00	3.10
	TOTAL	90,830,037	62.37	2,542,500.00	2.80	17.50

Category "Public" and holding more than 1% of the total number of shares

Sr. No.	Name of the Shareholder	Number of Shares	Shares as a % of Total No. of Shares as a % (A + B + C)
1	Nalanda India Fund Limited	10,014,655	6.88
2	The Oriental Insurance Company Limited	2,411,278	1.66

3	Amansa Investment Limited	2,250,000	1.55
4	India Capital Fund Limited	2,025,000	1.39
5	The New India Assurance Company Limited	2,007,203	1.38
6	Life Insurance Corporation of India	1,982,964	1.36
7	General Insurance Corporation of India	1,772,647	1.22
8	National Insurance Company Limited	1,466,295	1.01
	TOTAL	23,930,042	16.43

Statement showing details of Locked-in Shares

Sr. No.	Name of the Shareholder	Number of Shares	Locked in shares as a % of Total No. of Shares as a % (A + B + C)
1	Kirloskar Brothers Investments Limited *	29125950	20.00
	TOTAL	29125950	20.00

Note * - Pursuant to Clause no. 6 of the in-principle approval of BSE dated 21 April 2009 to the Scheme of Arrangement, these shares will be locked in for period of 3 years from the date of listing in accordance with provisions of Clause 8.3.5.1. viii(b) of the SEBI (DIP) Guidelines.

Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	No. of Shares underlying outstanding DRs	Shares underlying Outstanding DRs as a % of Total No. of Shares as a % of (A + B + C)
	NIL	0	0	0.00
	TOTAL	0	0	0.00

Statement showing holding of Depository Receipts (DRs)

Where underlying shares are in excess of 1% of the total number of shares

Sr. No.	Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	No. of Shares underlying outstanding	Shares underlying Outstanding
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			DRs	DRs as a % of Total No. of Shares as a % of (A + B + C)
	NIL	0	0	0.00
	TOTAL	0	0	0.00

Top ten shareholders on the date of filing the Information Memorandum

Sr. No.	Name Of The Shareholder	No. Of Shares	%
1.	Kirloskar Brothers Investments Limited	55427452	38.06
2.	Pooja Credits Private Limited	12751567	8.76
3.	Nalanda India Fund Limited	10014655	6.88
4.	Jyotsna Gautam Kulkarni	3857250	2.65
5.	Atul Chandrakant Kirloskar	3847332	2.64
6.	Gautam Achyut Kulkarni	3753770	2.58
7.	Rahul Chandrakant Kirloskar	3753770	2.58
8.	Arti Atul Kirloskar	3600000	2.47
9.	Alapana Rahul Kirloskar	3600000	2.47
10.	The Oriental Insurance Company Limited	2411278	2.46
	TOTAL	103017074	71.55

Top ten shareholders 10 days prior to the date of the Information Memorandum

Sr. No.	Name Of The Shareholder	No. Of Shares	%
1.	Kirloskar Brothers Investments Limited	55427452	38.06
2.	Pooja Credits Private Limited	12751567	8.76
3.	Nalanda India Fund Limited	10014655	6.88
4.	Jyotsna Gautam Kulkarni	3857250	2.65
5.	Atul Chandrakant Kirloskar	3847332	2.64
6.	Gautam Achyut Kulkarni	3753770	2.58
7.	Rahul Chandrakant Kirloskar	3753770	2.58
8.	Arti Atul Kirloskar	3600000	2.47
9.	Alapana Rahul Kirloskar	3600000	2.47
10.	The Oriental Insurance Company Limited	2411278	2.46
	TOTAL	103017074	71.55

Shareholder of the Company on the date of incorporation i.e.12 January 2009

Sr. No.	Name of Shareholders	Number of Equity Shares on the date of Incorporation of the Company
1.	Kirloskar Industries Limited #	4,49,994
2.	Kirloskar Industries Limited jointly with Mr. Atul C. Kirloskar*	1
3.	Kirloskar Industries Limited jointly with Mr. Gautam A. Kulkarni*	1
4.	Kirloskar Industries Limited jointly with Mr. Rahul C. Kirloskar*	1
5.	Kirloskar Industries Limited jointly with Mr. Sanjay C. Kirloskar*	1
6.	Kirloskar Industries Limited jointly with Mr. A.N. Alawani*	1
7.	Kirloskar Industries Limited jointly with Mr. R.R. Deshpande*	1
TOTAL		5,00,000

The name of Kirloskar Oil Engines Limited has been changed to Kirloskar Industries Limited with effect from 31 March 2010.

*** Shareholders under S. No. 2 to 7 held shares as nominees of KIL.**

1. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into equity shares of the Company.
2. The Company, its directors, its promoters have not entered into any buy-back, standby or similar arrangements to purchase equity shares of the Company from any person within.
3. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court till listing of the equity shares to be allotted as per the scheme.
4. There shall be only one denomination for the equity shares of the company, subject to applicable regulations and company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
5. None of the Equity Shares of the Company were under lock-in prior to the Scheme.
6. The Company has 33065 members as on the date of filing this Information Memorandum.
7. 9,08,30,037 equity shares i.e. 62.37% of the total paid up share capital of the Company are held by the promoters.

SALIENT FEATURES OF SCHEME OF ARRANGEMENT

The salient features of the Scheme are as follows: -

- (a) **"Appointed Date"** means 1st April, 2009 or such other date as may be fixed by the High Court of Judicature at Bombay.
- (b) **"Effective Date"** means the last day of the month in which the last of the conditions and matters referred to in Clause 23 of this Scheme occur or have been fulfilled or waived, and the order of the Bombay High Court sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra, Pune, by the Demerged Company and the Resulting Company; provided that if such date is not a business day (a business day being a day on which commercial banks are open for business in Pune) then such day shall be the next succeeding business day.
- (c) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities, including accretions and appurtenances of the Demerged Undertaking) shall, pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions of the Act, if any, and other provisions of law for the time being in force and without any further act, deed, matter or thing be and stand transferred / demerged from the Demerged Company, and be transferred to and vested in and shall be deemed to have been transferred to and vested in the Resulting Company on the Appointed Date, on a going concern basis, so as to become as and from the Appointed Date, the undertaking of the Resulting Company
- (d) All assets or investments, right, title or interest acquired by the Demerged Company after the Appointed Date but prior to the Effective Date in relation to the Demerged Undertaking shall also without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of the Scheme, pursuant to the provisions of Sections 391 to 394 of the Act and all other applicable provisions of the Act, provided that no onerous asset shall have been acquired by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date, without the prior written consent of the Resulting Company.
- (e) In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same may be so delivered, paid over, or endorsed and delivered, by the Demerged Company and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking transferred to it. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of the Demerged Company and the Board of Directors of the Resulting Company within one hundred and eighty (180) days from the Effective Date or such longer period as the Board of Directors of each of the Demerged Company and the

Resulting Company mutually agree upon in writing.

- (f) In respect of such of the assets of the Demerged Undertaking other than those referred to in above clause shall without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Act or other provisions of law as applicable.
- (g) Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of any kind, nature and description (including contingent liabilities) of the Demerged Company (as on the Appointed Date) and relating to the Demerged Undertaking shall without any further act or deed, pursuant to the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, be demerged from the Demerged Company and be and stand transferred to and/or deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and on the same terms and conditions as applicable to the Demerged Company and shall become the debts, liabilities, duties and obligations of the Resulting Company, which shall meet, discharge and satisfy the same.
- (h) Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and All loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company in which the Demerged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed and stand transferred to the Resulting Company and shall become the debts, liabilities, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same. Provided however that no onerous debts, liabilities, loans raised and used, liabilities and obligations incurred, dues and obligations, shall have been assumed by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date, without the prior written consent of the Resulting Company.
- (i) Upon the coming into effect of this Scheme, in so far as the security in respect of the liabilities of the Demerged Company as on the Appointed Date is concerned, it is hereby clarified that the Demerged Company and the Resulting Company shall, subject to confirmation by the concerned creditor(s), mutually agree upon and arrange for such security as may be considered necessary to secure such liabilities, and obtain such consents under law as may be prescribed.

- (j) Upon the coming into effect of this Scheme, the borrowing limits of the Resulting Company in terms of Section 293(1)(d) of the Act shall be deemed without any further act or deed to have been enhanced to the approved limits for borrowings of the Demerged Company as on the Appointed Date, such limits being incremental to the existing limits of the Resulting Company, with effect from the Appointed Date.
- (k) Upon the coming into effect of this Scheme, all staff, workmen employees (as may be determined by the Board of Directors or the managing director or joint managing director of the Demerged Company), consultants and advisors whether full time or part time or on retainer of the Demerged Undertaking of the Demerged Company in service on the Effective Date shall be deemed to have become staff, workmen employees, consultants and advisors of the Resulting Company without any break in their service and subject to the provisions of this Scheme on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to the Demerged Undertaking of the Demerged Company on the Effective Date, as a result of the transfer of the Demerged Undertaking.
- (l) Upon the coming into effect of the Scheme, all legal, taxation and any other proceedings (including arbitration) of whatsoever nature by or against the Demerged Company whether pending on the Effective Date or which may be instituted in future after the Effective Date (in respect of any matter arising before the Effective Date) and relating to the Demerged Undertaking) shall be continued and enforced by or against the Resulting Company after the Effective Date, in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. On and from the Appointed Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the Demerged Undertaking in the name of the Demerged Company.
- (m) The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
- (n) All employees of Remaining Business of the Demerged Company who are in service on the date immediately preceding the Effective Date shall continue to remain employees of the Demerged Company without any break or interruption in service and on terms and conditions no less favourable than those on which they are engaged by the Demerged Company as on the Effective Date. All legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future and relating to the Remaining Business, shall be continued and enforced by or against
- (o) All profits accruing to the Demerged Company or all losses incurred by it relating to the Remaining Business with effect from the Appointed Date and thereafter, shall be treated as the profits or losses, as the case may be, of

the Demerged Company

- (p) Upon the coming into effect of the Scheme and in consideration of the demerger including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Part II of the Scheme, the Resulting Company shall, without any further act or deed and without any further payment, issue and allot equity shares (hereinafter also referred to as the "New Resulting Company Equity Shares") at par on a proportionate basis to members of the Demerged Company whose name is recorded in the Register of Members of the Demerged Company as holding equity shares on the Specified Date in the ratio of 3 (three) equity shares in the Resulting Company, of the face value of Rs. 2/- (Rupees two only) each fully paid up for every 4 (four) equity shares of Rs. 2/- (Rupees two only) each fully paid up held by such members or his/her/its heirs/executors/administrators or successors in the Demerged Company ("Resulting Company Share Entitlement Ratio").
- (q) In case any member's holding in the Demerged Company is such that the member becomes entitled to a fraction of an equity share in the Resulting Company, the Resulting Company shall not issue fractional share certificates to such member but shall consolidate such fractions and issue consolidated equity shares to the Board of Directors of the Resulting Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same in proportion to their fractional entitlements.
- (r) The equity shares to be issued by the Resulting Company pursuant to Clause 14.1 of the scheme shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Directors of the Demerged Company. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the equity shares shall be issued to such members in dematerialized form provided that the members of the Resulting Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that the Resulting Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue equity shares in physical form to such member or members.
- (s) The New Resulting Company Equity Shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall *inter-se* rank *pari passu* in all respects.
- (t) Equity shares of the Resulting Company issued in terms of Clause 14.1 of

the Scheme will be listed and/or admitted to trading on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, where the shares of the Applicant Company are listed and/or admitted to trading in terms of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges. On such formalities being fulfilled, the said stock exchanges shall list and/or admit such equity shares also for the purpose of trading.

- i. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till listing / trading permission is given.
- ii. There will be no change in the shareholding pattern or control in Resulting Company (Kirloskar Engines India Limited) between the record date and the listing which may affect the basis on which approval is received from the Stock Exchanges.

(u) Reorganisation of Share Capital of Resulting Company

On allotment of shares by the Resulting Company in terms of Clause 14.1 above, the existing shareholding of the Applicant Company, of Rs 10,00,000 (Rupees ten lacs only) consisting of 5,00,000 (five lacs) equity shares of Rs 2/- (Rupees two only) each, in the Resulting Company shall be cancelled as an integral part of this Scheme

(v) Reorganisation of Share Capital of Demerged Company

The scheme envisages reduction and Reorganisation of the paid up capital. The Reorganisation of capital base of the Applicant company post demerger will lead to a leaner capital bringing in line with remaining business

In effect , pursuant to the demerger and reorganisation of share capital as above, every shareholder of the Demerged Company holding 20 (Twenty) equity shares of Rs. 2/- (Rupees two only) each in the Demerged Company as on the Record Date will be:

1. issued 15 (Fifteen) Equity Shares in Resulting Company of Rs.2/- (Rupees two only) each credited as fully paid up; and
2. issued 1 (one) equity share of Rs.10/- (Rupees ten only) each of Demerged Company credited as fully paid up.

STATEMENT OF TAX BENEFITS

NANIWADEKAR & CO.

Chartered Accountants

2, Nalini, 3/10, Erandwane, PUNE 411 004

Tel: 020-25439238-25448641

e-mail: nanico@vsnl.com

**The Board of Directors,
Kirloskar Engines India Limited,
Laxmanrao Kirloskar Road,
Khadaki, PUNE 411 003**

Dear Sirs,

**Re: Tax benefits in connection with the proposed listing of
14,56,29,750 Equity shares of Rs. 2 each**

We are in receipt of your letter dated 20th April 2010 seeking our advice regarding various benefits available to M/s Kirloskar Engines India Limited ("the Company") and its shareholders under the Indian Direct Tax Laws. We understand that our advice will be incorporated in the Information Memorandum to be issued in connection with the proposed listing of 14,56,29,750 Equity Shares of Rs. 2 each. In this behalf, we enclose herewith a Statement of possible tax benefits available to the Company and its shareholders on the basis of current tax laws presently in force in India, subject to the fulfillment of the respective requirements of the relevant provisions.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. Further, we have also incorporated the amendments brought out by the Finance Act, 2010, where applicable.

We do not express any opinion or provide any assurance as to whether:

- ☐ the Company or its shareholders will continue to obtain these benefits in future;
- or
- ☐ the conditions prescribed for availing the benefits have been / would be met with;
- ☐ the revenue authorities/ courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

This report is intended solely for information and for the inclusion in the Information Memorandum to be issued in connection with the proposed listing of 14,56,29,750 Equity Shares of Rs. 2 each and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **NANIWADEKAR & CO.,**
Chartered Accountants,

C.H.NANIWADEKAR,
Proprietor
(M. No. 33032)
Pune: May 18, 2010

STATEMENT OF POSSIBLE TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS:

I. UNDER THE INCOME TAX ACT, 1961

As per the existing provisions of the Income Tax Act, 1961 ("the Act") and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, *inter-alia* be available to M/s. Kirloskar Engines India Limited ("the Company") and its shareholders. These benefits are available to all companies or to the shareholders of any company, after fulfilling certain conditions as required in the respective Act.

A. Benefits available to the Company:

- a. The Company will be entitled to claim depreciation allowance on assets at the rates prescribed u/s 32 of the Act.
- b. In respect of expenditure of capital nature on scientific research, the Company would be entitled to claim a deduction of whole of such capital expenditure u/s 35(1)(iv) r.w.s. 35(2) of the Act.
- c. Subject to fulfillment of conditions and within the limits prescribed u/s 80JJAA of the Act, the Company would be entitled to claim additional deduction of 30% of wages paid to new regular employees.
- d. Dividend income referred to in section 115-O earned by the Company from domestic companies, will be exempt under section 10(34) of the IT Act. Similarly income received by the Company in respect of units of Mutual Funds specified under section 10(23D) will be exempt under section 10(35) of the IT Act.

- e. Income arising on transfer of equity shares or units of an equity oriented fund held by the Company will be exempt under section 10(38) of the IT Act if the said asset is a long-term capital asset and securities transaction tax has been charged on the said transaction. However, the said exemption will not be available to the Company while computing the book profit and income-tax payable under section 115JB of the Act.
- f. The long-term capital gains arising to the Company from the transfer of listed securities or units, as defined, not covered under 'e' above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.
- g. The long-term capital gains in respect of assets not covered under 'e' & 'f' above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition / improvement.
- h. Short-term capital gains arising on transfer of equity shares in a company or units of an equity oriented fund held by the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if securities transaction tax has been charged on the said transaction.
- i. In accordance with and subject to the conditions, including the limit of investment of Rs.50 lakh, and to the extent specified in section 54EC of the Act, capital gains arising on transfer of long-term capital assets of the Company not covered under 'e' above shall be exempt from capital gains tax if the gains are invested within six months from

the date of transfer in the purchase of long-term specified assets as defined in sec. 54EC of the Act.

B. Benefits available to the Shareholders of the Company:

1. Residents:

- a. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.
- b. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income-tax payable under section 115JB of the Act.
- c. The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in 'b' above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower. In terms of sec. 49(2C) of the Act, the cost of acquisition of the shares of the Company in the hands of shareholder shall be the amount which bears to the cost of acquisition of shares held by him in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger. Also in terms of

Explanation 1(g) to sec. 2(42A) of the Act, in determining the period of holding of the shares in the Company acquired by a shareholder in the scheme of demerger, there shall be included the period for which the shares in the demerged company were held by him.

- d. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sec. 112(1) of the Act.
- e. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if securities transaction tax has been charged on the said transaction. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short term capital gains will be subjected to such tax in accordance with the proviso to sec. 111A(1) of the Act.
- f. In accordance with, and subject to the conditions, including the limit of investment of Rs.50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under 'b' above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets as defined in sec. 54EC of the Act.

- g. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under 'b' above held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of a residential house within three years.

2. Non Residents:

- a. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.
- b. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income-tax payable under section 115JB of the Act.
- c. In accordance with, and subject to section 48 of the Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under 'b' above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing

/ arising from every reinvestment thereafter in, and sale of shares of the Company.

- d. The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in 'b' & 'c' above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower. In terms of sec. 49(2C) of the Act, the cost of acquisition of the shares of the Company in the hands of shareholder shall be the amount which bears to the cost of acquisition of shares held by him in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger. Also in terms of Explanation 1(g) to sec. 2(42A) of the Act, in determining the period of holding of the shares in the Company acquired by a shareholder in the scheme of demerger, there shall be included the period for which the shares in the demerged company were held by him.
- e. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if securities transaction tax has been charged on the said transaction.
- f. In accordance with, and subject to the conditions, including the limit of investment of Rs.50 lakh, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under 'b' above shall be exempt from capital gains tax if the gains are invested within six months from

the date of transfer in the purchase of long-term specified assets within the meaning of sec. 54EC of the Act.

- g. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under 'b' above held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of a residential house within three years.
- h. Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the non-resident if the said provisions are more beneficial than the provisions under the Act.

Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

- Under section 115E of the Act, NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under 'b' above which are acquired in convertible foreign exchange.
- Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign

exchange not covered under 'b' above acquired out of convertible foreign exchange shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act.

- In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
- As per the provisions of section 115I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act. The said Chapter *inter alia* entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

3. Foreign Institutional Investors:

- a. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.
- b. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction.
- c. Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under 'b' above will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess). In terms of sec. 49(2C) of the Act, the cost of acquisition of the shares of the Company in the hands of shareholder shall be the amount which bears to the cost of acquisition of shares held by him in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger. Also in terms of Explanation 1(g) to sec. 2(42A) of the Act, in determining the period of holding of the shares in the Company acquired by a shareholder in the scheme of demerger, there shall be included the period for which the shares in the demerged company were held by him.
- d. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if securities transaction tax has been charged on the said transaction.

- e. Under section 115AD(1)(b)(ii) of the Act, income by way of short-term capital gains arising from the transfer of shares held in the Company not covered under 'd' above will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).
- f. Under the provisions of section 90(2) of the Act, a FII will be governed by the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the FII if the said provisions are more beneficial than the provisions under the Act.

4. Mutual Funds:

- Under section 10(23D) of the IT Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorized by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

II. UNDER THE WEALTH TAX ACT, 1957

- 'Asset' as defined under Section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, the shares of the Company held by a shareholder are not liable to wealth-tax.

III. UNDER THE GIFT TAX ACT, 1958

- Gift tax is not leviable in respect of any gifts made on or after 1st October, 1998 and in respect of non-monetary gifts made on or after September 1, 2004. Therefore, any gift of shares of the Company will not attract gift-tax.

SECTION IV – ABOUT COMPANY HISTORY AND MANAGEMENT

COMPANY HISTORY

The Company was incorporated on 12 January 2009 as public limited company. The Company was incorporated with the primary objective of taking over of 'Engine and auto component business' of erstwhile KOEL under the scheme on going concern basis. Pursuant to Scheme of Arrangement between the KIL and the Company and their respective shareholders and creditors, as approved by the Hon'ble High Court of Judicature at Bombay vide its orders dated 31 July 2009 read with its order 19 March 2010, engines and auto components business of KIL was vested with the Company on becoming effective of the Scheme. The name of the Company has been changed to Kirloskar Oil Engines Limited as per said Scheme. The Registrar of Companies, Maharashtra, Pune has issued a fresh certificate of incorporation dated 2 June 2010.

- **The objects for which the Kirloskar Oil Engines Limited has been established are set out in its Memorandum of Association. The main object is set out hereunder:**

"1A] To carry on in India or elsewhere, the business as designers, researchers, developers, manufacturers, buyers, assemblers, modifiers, installers, reconditioners, sellers, hirers, sublessors, market makers, dismantlers, repairers, operators, exporters, importers, distributors and to act as agent, broker, adatia, consignor, C&F agent, indenting agent, representative, correspondent, franchiser, stockist, supplier, vendor, transporter, collaborator, export house or otherwise deal in engines of every description for the use of all kinds of engines including heat engines, internal combustion engines operated by any type of fuel and/ or gases including steam, boilers, locomotives, road rollers, automobiles, trucks, tractors, agricultural implements, pumps, gensets and all kinds and varieties of filters including air filters, water filters, oil filters, gas filters, filter elements, filter papers or any other products covered in the range of filters elements, and forging, pressing, stamping and roll – forming of metal; powder metallurgy."

- **Change in Memorandum of Association since the Company's inception**

Date	Particulars
31 March 2010	The authorised share capital of the Company was increased from Rs. 10,00,000 divided into 5,00,000 equity shares of Rs. 2/- each to Rs. 40,00,00,000 divided into 20,00,00,000 equity shares of Rs. 2/- each.
2 June 2010	The name of Company has been changed to Kirloskar Oil Engines Limited pursuant to the Scheme of Arrangement with effect from 2 June 2010.

- **Subsidiaries**

The Company does not have any subsidiary as on the date of this Information Memorandum.

MANAGEMENT

As per the Articles of Association of the Company, the Company shall not have less than 3 directors and not more 12 directors.

Board of Directors as on the date of Information Memorandum

Sr. No.	Name, Age, Qualification, DIN, Experience, Address, Occupation	Other directorships
1.	Mr. Atul C. Kirloskar Designation: Chairman Age: 54 years Qualification: Engineer from WIT, USA DIN: 00007387 Experience: 32 years Address: Kirloskar Oil Engines Limited, Laxmanrao Kirloskar Road, Pune 411 003 Occupation: Industrialist	G. G. Dandekar Machine Works Limited Kirloskar Ferrous Industries Limited Kirloskar Industries Limited Kirloskar Brothers Investments Limited Kirloskar Proprietary Limited Asara Sales and Investments Private Limited Five Star Bulkcarriers Private Limited Navsai Investments Private Limited Toyota Kirloskar Motor Private Limited Kirloskar Kenya Limited, Kenya
2	Mr. Gautam Kulkarni Designation: Joint Managing Director Age: 53 Qualification: Undergraduate DIN: 00007542 Experience: 32 years Address: Kirloskar Oil Engines Limited, Laxmanrao Kirloskar Road, Pune 411 003 Occupation: Business Executive	Kirloskar Brothers Limited Asara Sales and Investments Private Limited Navsai Investments Private Limited Kirloskar Proprietary Limited Achyut & Neeta Holdings & Finance Private Limited SPP Pumps Limited, UK
3	Mr. Rahul Kirloskar Designation: Director-Exports Age: 47 Qualification: B.S.(Mechanical Engineering) USA DIN: 00007319 Experience: 25 years Address: Kirloskar Oil Engines Limited, Laxmanrao Kirloskar Road, Pune 411 003 Occupation: Business Executive	Ansal Properties and Infrastructure Limited Kirloskar Pneumatic Company Limited Kirloskar Roadrailer Limited Asara Sales and Investments Private Limited Alpak Investments Private Limited Pratibha Communciation Private Limited Kirloskar Brothers Limited Kirloskar Proprietary Limited Kirloskar Kenya Limited, Nairobi, Kenya Kirsos Trading (S.A.)(Pte) Limited Kirloskar Services Private Limited

4	<p>Mr R.R. Deshpande Designation: Executive Director Age: 56 Qualification: B.E. - Mechanical DIN: 00007439 Experience: 32 Address: Kirloskar Oil Engines Limited, Laxmanrao Kirloskar Road, Pune 411 003 Occupation: Service</p>	<p>Kothrud Power Equipments Limited Swaraj Engines Limited</p>
5	<p>Mr. Nihal Kulkarni Designation: Director Age: 29 years Qualification: A.B. in Economics from Brown University DIN: 01139147 Experience: 7 years Address: Kirloskar Pneumatic Company Limited, Hadapsar Industrial Estate, Pune-411 013 Occupation: Industrialist</p>	<p>G. G. Dandekar Machine Works Limited Kirloskar Consultants Limited Kirloskar Industries Limited Kirloskar Brothers Investments Limited G. G. Dandekar Investments Pte Limited, Singapore</p>
6.	<p>Mr. A. N. Alawani Designation: Director Age: 65 years Qualification: B.Com, CA DIN: 00036153 Experience: 30 years Address: Kirloskar Proprietary Limited, 13/A, Karve Road, Kothrud, Pune – 411 038 Occupation: Professional</p>	<p>Kirloskar Integrated Technologies Limited Kirloskar Industries Limited Kirloskar Brothers Limited Kirloskar Ferrous Industries Limited Kothrud Power Equipment Limited Kirloskar Brothers Investments Limited</p>
7	<p>Mr U.V. Rao Designation: Director Age: 81 Qualification: B.E, DIISC,DIM AMP(Harvard),AEAEI (Stanford) DIN: 00012490 Experience: 50 years appr. Address: 3294,Street,12th A-Main, HAL II Stage, Bangalore-560008 Occupation: Company Director</p>	<p>Kirloskar Brothers Limited John Fowler (I) Private Limited TIL Limited Dickinson Fowler Private Limited</p>

8	<p>Mr P.G. Pawar Designation: Director Age: 66 Qualification: BE(Bits, Pilani) DIN: 00018985 Experience: 42 years Address: Sakal Papers Ltd, Budhawar Peth, Pune-411002. Occupation: Manufacturer of Chemical & Engineering Products, Agriculturist.</p>	<p>P. P. Holdings Limited Bharat Forge Limited Force Motors Limited Ajay Metachem Sud Chemei Pvt. Ltd. (formerly known as Ajay metachem pvt. Ltd.) United Metachem Private Limited International Conventions India Private Limited Sakal Papers Limited Finolex Cables Limited Sakal Printers Private Limited Karha Infrastructure Private Limited Panhala Investments Private Limited Karha Developers and Miners Private Limited Pasle Agro Farms Private Limited Bhimthadi Developers and Miners Private Limited Rajgad Agro Farms Private Limited</p>
9	<p>Mr. R. Srinivasan Designation: Director Age: 69 Qualification: BE DIN: 00043658 Experience: 45 years appr. Address: "Dhanya" 126, Nandidurg Road, Bangalore- 560046. Occupation: Director of a Company</p>	<p>ACE Designers Ltd. Tube Investments of India Ltd. Murugappa Morgan Thermal Ceramics Ltd. Sterling Abrasives Limited NTTF Industries Pvt. Ltd. TTK Prestige Ltd. TTK Healthcare Ltd. Cholamandalam MS General Insurance Company Ltd. Sundaram Fasteners Ltd. Yuken India Ltd. MindTree Consulting Ltd. Bangalore International Exhibition Private Limited Dakshin Foundries Pvt. Ltd. RAS Transformation Technologies Pvt. Ltd. TaeguTec India Pvt. Ltd. Edutech NTTF India Pvt. Ltd. Nettur Technical Training Foundation</p>
10	<p>Dr. Naushad Forbes Designation: Director Age: 50 Qualification: MS, PHD in Industrial Engineering from Standford University DIN: 00630825 Experience: 25 years Address: Forbes Marshall Pvt. Ltd, P.B. No. 29, Mumbai-</p>	<p>Spirax Marshall Private Limited Forbes Marshall Private Limited Forbes Polymetron Private Limited Forbes Marshall (Hyd) Private Limited Forbesvyncke Private Limited Godrej Industries Limited J.N. Marshall Private Limited Forbes Marshall Arca Private Limited Krohne Marshall Private Limited Rapideffect Private Limited</p>

	Pune Road, Kasarwadi, Pune-411034 Occupation: Industrialist	Forbes Marshall Codel Private Limited Forbes Marshall (Lanka) Private Limited Forbes Marshall Inc. Canada Codel International Inc. UK Jump Associates
11	Mr. H.M. Kothari Designation: Director Age: 64 Qualification: B.Com DIN: 00009873 Experience: 33 years Address: DSP BlackRock Investment Managers P. Ltd, Tulsiani Chambers, West Wing, 11 th Floor Nariman Point Mumbai – 400 021 Occupation: Investment Banker	Alkyl Amines Chemicals Limited Food World Super Markets Limited Arko Dealers Private Limited Bestow Contractors and Developers Private Limited DSP Investments Private Limited Hemko Patents Development Private Limited MVL Realty Private Limited Exide Industries Limited Shuko Real Estate Private Limited Arko Enterprises Private Limited DSP HMK Holdings Private Limited DSP Adiko Holdings Private Limited Health & Glow Retailing Limited DSP Black Rock Investment Managers Private Limited
12	Mr M. Laxminarayan Designation: Director Age: 64 Qualification: M. Tech DIN: 00064750 Experience: 32 years Address: 133, 4 th Main Defence Colony, Indiranagar, Bangalore - 560038 Occupation: Business Executive	Pricol Limited Rane (Madras) Limited Carborundum Universal Limited Harman International (India) Private Limited

Note:

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

Brief profile of the directors

Mr. Atul C. Kirloskar

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

On 1 November 1984, he was appointed as the Executive Vice President of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL). He was co-opted on the Board of KIL on 6 August 1985 wherein he took over as the Managing Director. In 1988, he was also appointed as the Vice Chairman of KIL and held the position till 25 July 1998 when he was elected as Chairman of the Board of KIL. He was appointed as Managing Director of Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited - KOEL) with effect from 31 March 2010. He is also a Chairman of the Board of KOEL.

He is a member of the World Economic Forum. He has served as President of MCCIA from September 2002 to September 2004, and was Chairman of CII National Committee of Defence since from 1998 to 2008.

Gautam A. Kulkarni

Mr. Gautam A. Kulkarni started his career in 1978 as a trainee in Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited). He underwent extensive training in the servicing department, production and Techcentre (R&D) until 1983.

In 1983, he was assigned to look after Kirloskar Filters Limited (KFL) and appointed its Chief Executive. Soon after on 2 April 1984, he was appointed as the Managing Director of KFL. On 1 May 1992, he was appointed as the Vice President of Kirloskar Brothers Limited (KBL). While in KBL, he was attached to the Corporate Office of the group. On 20 August 1998, he was appointed as the Joint Managing Director of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited), wherein he focused on three major aspects in turning around the Company. In July 2000, he has been co-opted as a director on the Board of Kirloskar Brothers Limited and has been appointed as Vice-Chairman. Presently, he is working as Joint Managing Director of Kirloskar Oil Engines Limited.

Rahul C. Kirloskar

Mr. Rahul C. Kirloskar is qualified as B.S. (Mechanical Engineering) USA. He has been with the Kirloskar Group of Companies for more than twenty five years at senior levels in different capacities. Presently, he is working as Director (Exports) in Kirloskar Oil Engines Limited. He actively participated in a week long intensive course of top management professionals of major international Companies on Total Quality Management (TQM) in Japan, conducted by Japanese Union of Scientists and Engineering (JUSE). This course exposes professionals, who are quality

conscious, to the latest methods prevailing in Japan in TQM. He is also on the Board of several companies. He has also been Chairman of the CII Pune Zonal Council as well as CII Maharashtra Council.

R. R. Deshpande

Mr. Rajendra R. Deshpande, who is a Graduate in Mechanical Engineering, joined Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited – KIL) in July 1977. He has worked for the Small, Medium and Large Engines Business Groups of the Company. He started the Ancillary Development Department in KIL. During his tenure as a Business Unit Head, Medium Engines Business Group became the largest Strategic Business Unit amongst the KIRLOSKAR group. Presently, he is working as Executive Director of Kirloskar Oil Engines Limited.

Nihal Kulkarni

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

A.N. Alawani

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

U.V. Rao

Mr. U.V. Rao, former Chief Executive Officer and Managing Director of Larsen and Toubro Limited, is a B.E. in Electrical Engineering; Post Graduate from the Indian Institute of Science, Bangalore, in Power Engineering; Post Graduate from Bombay University in Industrial Management; and has studied Advanced Management at the Harvard Business School and at Stanford University USA.

He is the past President of Indian Electrical and Electronic Manufacturer's association, past Chairman CII {WR}, past Honorary Consul-General for Denmark for Western India, past Chairman Indo-Danish Business Committee; past member Board of governors, IIM Ahmedabad, past Member of the Capital Goods Committee of Planning Commission, Government of India, past member Development Council for

Heavy Electrical Industries, and Earth moving Machineries, Government of India, etc. He has had nearly 4 decades of experience in Larsen & Toubro Limited, during which time he held various positions in marketing, manufacturing and management including that of running the company as its Chief Executive Officer and Managing Director. He is the recipient of several National and International Awards for excellence in his profession.

P. G. Pawar

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

R. Srinivasan

Mr. R. Srinivasan did his graduation in Mechanical Engineering from the University of Madras. He underwent practical training with Buckau Wolf, Grevenbroich, and later with M/s Krupp Widia, Essen, West Germany. He has served Widia, an Indo-German Joint Venture Limited initially as a Works Manager and later as its Managing Director till 1994. He is the past Chairman of CII, Karnataka and Governing Council of CMTI, Bangalore. He is the Past President of Greater Mysore Chamber of Commerce and Indian Machine Tool Manufacturers Association. At present he is an Independent Director sitting on the Boards of some companies like Tube Investments of India Ltd., Sundaram fasteners Ltd., TTK Prestige Ltd., TTK Healthcare Ltd., Yuken India Limited etc.

Dr. Naushad Forbes

Dr. Naushad Forbes is Director of Forbes Marshall, India's leading Steam Engineering and Control Instrumentation firm. He is the CEO of the Steam Engineering Companies within the group. He has also been a Lecturer and Consulting Professor at Stanford University in the Program in Science, Technology and Society from 1987 to 2004. He developed courses in Technology and Policy in Newly Industrialized Countries and the Management of Technology in Firms in Newly Industrialized Countries. He has received his Bachelor's and Master's Degrees from Stanford University and his PhD in Industrial Engineering was on the Process of Technical Entrepreneurship in India, also from Stanford. His book, co-authored with David Wield, From Followers to Leaders: Managing Technology and Innovation in Newly Industrialising Countries, was published by Routledge in 2002. He is on the board of Godrej Industries Limited, Ruby Hall Hospital, Jump Associates LLC, California, Stanford Alumni Association, Indian Institute of

Technology, Bombay and Vishwakarma Institute of Technology, Pune. He is the Past Chairman of the Confederation of Indian Industry (Western Region) and currently a National Council member of CII.

H. M. Kothari

Mr. Hemendra M Kothari represents the fourth generation of a family of prominent stockbrokers. He is the ex-President of the Bombay Stock Exchange Limited. Mr. Kothari has over 40 years of working experience in the investment banking industry. He was the founder of DSP Financial Consultants Limited which later became DSP Merrill Lynch, where he served as Chairman till his retirement in 2009. Mr. Kothari is presently the Chairman of DSP BlackRock Investment Managers Pvt Ltd. He is associated as a Director with leading industrial companies and is also associated with leading representative forums. Mr. Kothari is the founder of the Hemendra Kothari Foundation, a registered public charitable trust where the main objectives pivot around Education, Health and Environment/Wildlife conservation.

M. Lakshminarayan

Mr. M. Lakshminarayan, aged 63, holds a Masters degree in Technology from the Indian Institute of Technology, Mumbai. After working in Tata Motors for 16 Years in the Pune plant, he moved to Bosch Ltd (MICO). He has served in various capacities before joining the Board as Joint Managing Director in 2000. He is presently the Managing Director of Harman International India Private Limited, a 100% subsidiary of Harman International USA. He is deeply connected with the activities of CII and was the past Chairman, CII Southern Region. He is also a Director in Carborundum Universal Limited, Rane (Madras) Limited, and Voith Engineering Services (India) Private Limited.

Compensation of Managing Directors / Whole time Directors

Mr. Atul C. Kirloskar, Chairman of the Company, is also the Chairman and Director of KIL. He ceased to be Managing Director of KIL with effect from closing hours of 22 October 2010. Mr. Atul C. Kirloskar was also appointed as the Managing Director of the Company by the Board of Directors in its meeting held on 30 March 2010, with effect from 31 March 2010, in terms of Section 316 and other applicable provisions of the Companies Act, 1956. He shall draw remuneration only from the Company.

The services of Mr. Gautam A. Kulkarni, Mr. Rahul C. Kirloskar and Mr. R.R. Deshpande as Joint Managing Director, Whole Time Director and Executive Director has been transferred for a period up to 19 August 2013, 4 June 2011 and 28 April 2010 respectively from KIL pursuant to the Scheme of Arrangement, with effect from 31 March 2010. The Board of Directors in its meeting held on 30 March 2010 re-appointed Mr. R.R. Deshpande as the Executive Director for a further period of five (5) years with effect from 29 April 2010.

1. Name of the director: Mr. Atul C. Kirloskar
Designation: Chairman and Managing Director
Tenure: 5 years from 31 March 2010 to 30 March 2015

Remuneration effective from 31 March 2010 is as under:

SALARY

Rs. 5,20,000/- (Rupees five lacs twenty thousand only) per month

PERQUISITES

In addition to the aforesaid salary, the Managing Director shall be entitled to the following perquisites:

- a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave travel assistance for self and family not exceeding Rs. 2,00,000/- per annum.
- d) Fees of clubs, which will include admission and life membership fees.
- e) Personal accident insurance, premium whereof does not exceed Rs. 25,000/- per annum.
- f) A car with driver for official purpose.
- g) Telephone and fax facilities at residence.
- h) Contribution to provident fund, superannuation fund, or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- i) Gratuity at the rate not exceeding 30 days' salary for each completed year of service, and
- j) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

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

COMMISSION

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

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director, the remuneration shall be paid subject to the ceilings and conditions stipulated in Section II of Part II of Schedule XIII to the Companies Act, 1956 as minimum remuneration.

- | | | |
|----|-----------------------|--|
| 2. | Name of the director: | Mr. Gautam A. Kulkarni |
| | Designation: | Joint Managing Director |
| | Tenure: | For the balance period with effect from 31 March 2010 upto 19 August 2013. |

Remuneration effective from 31 March 2010 is as under:

SALARY

Rs. 5,00,000 (Rupees five lacs only) per month.

PERQUISITES

In addition to the aforesaid salary, the Joint Managing Director shall be entitled to the following perquisites:

- a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave travel assistance for self and family not exceeding Rs. 2,00,000 per annum.
- d) Fees of clubs, which will include admission and life membership fees.
- e) Personal accident insurance, premium whereof does not exceed Rs. 25,000 per annum.
- f) A car with driver for official purpose.
- g) Telephone and fax facilities at residence.
- h) Contribution to provident fund, superannuation fund, or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961
- i) Gratuity at the rate not exceeding 30 days' salary for each completed year of service, and
- j) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

"Family" for the above purpose means wife, dependent children and dependent parents of the Joint Managing Director.

COMMISSION

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

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Joint Managing Director, the remuneration shall be paid subject to the ceilings and conditions stipulated in Section II of Part II of Schedule XIII to the Companies Act, 1956 as minimum remuneration.

- | | | |
|----|-----------------------|---|
| 3. | Name of the director: | Mr. Rahul C. Kirloskar |
| | Designation: | Executive Director |
| | Tenure: | For a period with effect from 31 March 2010 upto 4 June 2011. |

Remuneration effective from 31 March 2010 is as under:

SALARY:

Rs. 5,00,000 (Rupees Five Lakhs only) per month.

PERQUISITES:

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

- a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave travel assistance for self and family not exceeding Rs. 2,00,000 per annum.
- d) Fees of clubs, which will include admission and life membership fees.
- e) Education allowance for the education of his children as per Company Rules.

- f) Personal accident insurance, premium whereof does not exceed Rs. 25,000 per annum.
- g) A car with driver for official purpose.
- h) Telephone and fax facilities at residence.
- i) 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.
- j) Gratuity at the rate not exceeding half month's salary for each completed year of service as whole-time Director, and
- k) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed at the end of the tenure.

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

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

COMMISSION:

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

MINIMUM REMUNERATION:

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

For the purpose of computation of minimum remuneration, the following shall not be included:

1. Contribution to provident fund, superannuation fund or annuity fund to the extent of these either singly or put together are not taxable under the Income tax Act, 1961.
2. Gratuity at a rate not exceeding half a month's salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

4. Name of the director: Mr. R.R. Deshpande
 Designation: Executive Director
 Tenure: For a period of 5 years with effect from 29 April
 2010 upto 28 April 2015.

Remuneration effective from 29 April 2010 is as under:

SALARY:

Rs. 4,00,000/- (Rupees Four Lakh only) per month.

PERQUISITES:

In addition to the aforesaid salary, Mr. Rajendra R. Deshpande as Executive Director shall be entitled to the following perquisites:

- a. Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on hard furnishings upto Rs. 15,000/- per month, gas, electricity, water and other utilities and repairs shall be borne by the Company.
- b. Reimbursement of all medical expenses incurred for self and family.
- c. Leave travel assistance for self and family to be determined by the Board of Directors of the Company.
- d. Fees of clubs, subject to a maximum of two clubs, which will include admission fee but will not include life membership fees.
- e. Personal accident insurance, premium whereof does not exceed Rs. 25,000 per annum.
- f. A car with driver for official and personal purpose.
- g. Telephone and fax facilities at residence.
- h. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- i. Gratuity at the rate not exceeding half a month's salary for each completed year of service as Whole-time Director, and
- j. Leave at the rate of one month for every eleven months of service. Leave not availed or may be encashed at the end of the tenure.

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

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

COMMISSION:

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

MINIMUM REMUNERATION:

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

D) The Executive Director, so long as he functions as such, shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance shall be applicable to KOEL immediately upon the listing of its equity shares on the Stock Exchanges. The Company is fully compliant with the provisions of Clause 49 of the listing agreement.

KOEL board, at present, consists of 12 directors, out of whom 7 directors are independent directors. KOEL has appointed the requisite independent directors on its board and has also constituted the Audit Committee and Investors' Grievance Committee as mandated under Clause 49 of the listing agreement.

Composition of committees:

Audit Committee:

Mr. U.V. Rao	Chairman (Independent Director)
Mr. R. Srinivasan	Member (Independent Director)
Mr. P.G. Pawar	Member (Independent Director)
Mr. Nihal Kulkarni	Member (Non-Independent Director)

Investors' Grievance Committee:

Mr. P.G. Pawar	Chairman (Independent Director)
Mr. Gautam A. Kulkarni	Member (Executive Director)
Mr. R.R. Deshpande	Member (Executive Director)

Remuneration Committee:

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

The role, powers, scope of functions and duties of the Audit Committee, Investors' Grievance and Remuneration Committee are as per the applicable provisions of the Companies Act, 1956 and clause 49 of the listing agreement.

The status of the Company's compliance with clause 49 of the listing agreement is given below:

Particulars		Clause of Listing agreement	Compliance Status Yes/No	Remarks
I	Board of Directors	49 I		
(A)	Composition of Board	49(IA)	Yes	
			-	Necessary approval for payment of commission is obtained Annual General Meeting and also approval from Central Government is received.
(B)	Non-Executive Directors' compensation & Disclosures	49(IB)		
(C)	Other provisions as to Board and Committees	49(IC)	Yes	
			Yes	The Code of conduct has become effective from 1 April 2010
(D)	Code of Conduct	49(ID)		
II	Audit Committee	49 II		
(A)	Qualified and Independent Audit Committee	49 (IIA)	Yes	
(B)	Meeting of Audit Committee	49 (IIB)	Yes	
(C)	Powers of Audit Committee	49 (IIC)	Yes	
(D)	Role of Audit Committee	49 (IID)	Yes	
(E)	Review of Information by Audit Committee	49 (IIE)	Yes	
III	Subsidiary Companies	49 III	NA	
IV	Disclosures	49 IV		
(A)	Basis of Related Party Transactions	49 (IVA)	Yes	

(B)	Board Disclosures	49 (IVB)	Yes	
(C)	Proceeds of Public / Rights / Preferential Issues etc.	49 (IVC)	NA	
(D)	Remuneration of Directors	49 (IVD)	Yes	
(E)	Management	49 (IVE)	Yes	
(F)	Shareholders	49 (IVF)	Yes	
V	CEO/CFO Certification	49 V	Yes	
VI	Report on Corporate Governance	49 VI	Yes	
VII	Compliance	49 VII	Yes	

Date of expiration of current term of office of directors

First directors of the Company viz. Mr. Atul C. Kirloskar, Mr. Gautam A. Kulkarni and Mr. R.R. Deshpande shall hold office until the conclusion of this ensuing Annual General Meeting. In the Annual General Meeting held on 9 July 2010, First directors were appointed as directors of the Company. The term of Mr. R. Srinivasan, Mr. Rahul C. Kirloskar, Mr. U.V Rao, Mr. H M Kothari, Mr. Nihal Kulkarni, Mr. M Lakshminarayan, Mr. P.G. Pawar, Dr. Naushad Forbes and Mr. A.N. Alawani, who have been appointed as additional directors, shall also expire at the conclusion of ensuing Annual General Meeting of the company. In the Annual General Meeting of the Company held on 9 July 2010, these additional directors were co-opted as directors of the Company.

The term of Mr. Atul C. Kirloskar, Managing Director is for a period of 5 years beginning from 31 March 2010 till 30 March 2015. He remains a non- retiring director till the conclusion of his term.

The term of services of Mr. Gautam A. Kulkarni, Mr. Rahul C. Kirloskar and Mr. R.R. Deshpande as Joint Managing Director, Whole Time Director and Executive Director for a period up to 19 August 2013, 4 June 2011 and 28 April 2015.

The directors have no interest in the transactions of the Company except other than as directors of the Company.

Shareholding of Directors

Sr. No.	Name of Director	No. of equity shares as on 30 April 2010
1.	Mr. Atul C. Kirloskar	3,847,332
2.	Mr. Gautam A. Kulkarni	3,753,770
3.	Mr. Rahul C. Kirloskar	3,756,455
4.	Mr. R R Deshpande	11,250
5.	Mr. U V Rao	NIL
6.	Mr. R. Srinivasan	3,750
7.	Mr. H M Kothari	34,995

8.	Mr. P G Pawar	5,355
9.	Mr. A.N. Alawani	34,282
10.	Mr. M Lakshminarayan	NIL
11.	Mr. Nihal Kulkarni	NIL
12.	Dr. Naushad Forbes	9,000

There is no change in shareholding of directors after the date of allotment i.e. April 30, 2010.

Key Managerial Personnel

Following are the Key Management Personnel of the Company:

1. Mr. Atul C. Kirloskar , Chairman and Managing Director
2. Mr. Gautam A. Kulkarni , Joint Managing Director
3. Mr. Rahul C. Kirloskar, Whole time director
4. Mr. R. R. Deshpande, Executive Director

Employees:

Consequent to the transfer and vesting of Engines and Auto Components Business of Demerged Company to the Company with effective from 31 March 2010, employees of the Demerged Company have been transferred to the Company and their services will be treated as uninterrupted for the purposes of calculating retirement benefits.

PROMOTERS

KOEL is a part of Kirloskar Group Companies. Since this Company has emerged out of the Scheme of Arrangement, therefore, the shareholders of KIL as on the Record Date i.e. 22 April 2010 are the shareholders of KOEL. Hence the promoters of KIL are the promoters of KOEL, which are as follows:

1. Atul C. Kirloskar
2. Rahul C. Kirloskar
3. Sanjay C. Kirloskar
4. Gautam A. Kulkarni
5. Vikram Kirloskar
6. Arti A. Kirloskar
7. Alpana R. Kirloskar
8. Suman Kirloskar
9. Jyostna Kulkarni
10. Neeta Kulkarni
11. Mrinalini Kirloskar
12. Geetanjali Kirloskar
13. Roopa Gupta
14. Kirloskar Brothers Investments Limited
15. Pooja Credits Private Limited

	1. Mr. Atul C. Kirloskar	
	Date of birth (Age)	13 February 1956
	Personal address	Radha, 453, Gokhale Road, Pune 411 016
	Qualification	Engineer from the Worcester Institute of Technology, USA
	Experience	<p>He began his career with the erstwhile Kirloskar Cummins Limited in the year 1978. He started out as a trainee, where he worked on the shop floor in various manufacturing departments in Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL). In December 1981, he has appointed as the Chief Executive of Cummins Diesel Sales & Services. On November 1, 1984, he was appointed as the Executive Vice President of KIL.</p> <p>He was co-opted on the board of directors of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL) on August 6, 1985 wherein he subsequently became the managing director. In 1988, he became the Vice</p>

		Chairman of KOEL and held the position till July 25, 1998 when he was as the appointed Chairman of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL). He has been the Chairman of Kirloskar Ferrous Industries Limited since its inception. Since the year 1984 when he joined Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL) as an Executive Vice President, Mr. Kirloskar has been involved in enhancing the Kirloskar Industries Limited's (earlier known as Kirloskar Oil Engines Limited - KIL) presence in the diesel engine market, both in India and in the overseas markets. He is also a member of the World Economic Forum, Chairman of the Defence Sub-Committee & National Committee Member of Confederation of Indian Industries (CII) and Past President of the Maratha Chamber of Commerce Industries & Agriculture (MCCIA).
	Other directorships	<ol style="list-style-type: none"> 1. G.G. Dandekar Machine Works Ltd. – Chairman 2. Kirloskar Ferrous Industries Ltd. - Chairman 3. Kirloskar Industries Limited - Chairman (As Managing Director upto closing hours of 22nd October 2010) 4. Five Stars Bulkcarriers Pvt. Ltd. 5. Navsai Investments Pvt. Ltd. 6. Toyota Kirloskar Motor Pvt. Ltd. 7. Kirloskar Kenya Ltd. Nairobi, Kenya 8. Kirloskar Brothers Investments Limited 9. Asara Sales and Investments Private Limited
	Professional Achievements	Mr. Atul C. Kirloskar who is based at Pune is currently the Chairman and Managing Director of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL). He is member of the board of other companies in Kirloskar Group. He is member of the World Economic Forum. He has been the Chairman of Confederation of Indian Industries National Defence Committee since 2000, and is past President of Mahratta Chamber of Commerce, Industries and Agriculture. During his tenure as Chairman of National Defence Committee, he has worked closely with the Government on policies concerning India's Defence Procurement Procedures, Defence Industrial Policy, Private Sector participation in Defence Production and Defence Offsets. This has led to enhanced involvement of private sector in Defence. He is on the Board of Navsai Investments Pvt. Ltd. which is registered with the Reserve Bank of India as NBFC.
	Passport No.	G8917485

	Licence No.	MH-12- 20010183885

	2. Mr. Rahul C. Kirloskar	
	Date of birth (Age)	7 July 1963
	Personal address	Lakaki Compound, Shivaji Nagar, Model Colony, Pune – 411016
	Qualification	B.S. (Mechanical Engineering) USA.
	Experience	He has been with the Kirloskar Group of Companies for more than 19 years at Senior levels in different capacities. Presently, he is working as Director (Exports) in Kirloskar Oil Engines Limited.
	Other directorships	Ansal Properties and Infrastructure Limited Kirloskar Brothers Limited Kirloskar Pneumatic Company Limited Kirloskar Roadrailer Limited Kirloskar Proprietary Limited Asara Sales and Investments Private Limited Alpak Investments Private Limited Kirloskar Services Private Limited Pratibha Communications Private Limited Kirloskar Kenya Limited, Kenya Kirsons Trading Pte Limited
	Professional Achievements	He actively participated in a week long intensive course of top management professionals of major international companies on Total Quality Management (TQM) in Japan, conducted by Japanese Union of Scientists and Engineering (JUSE). This course exposes professionals, who are quality conscious, to the latest methods prevailing in Japan in TQM. He is also on the Board of several other companies.
	Passport No.	Z1575848
	Licence No.	MH 12 19990041520

3. Mr. Sanjay C. Kirloskar	
Date of birth (Age)	22 March 1957
Personal address	33, Suyojana Co. op Hsg. Society, Scheme – II, Koregaon Park, Pune – 411 001
Qualification	Bachelor of Science, Mechanical Engineering, Illinois Institute of Technology, Chicago
Experience	<p>He underwent practical training in a number of Kirloskar Group companies. He held the positions of Vice President Operations at Kirloskarwadi factory and Executive Vice President of Kirloskar Brothers Limited.</p> <p>He is presently the Chairman and Managing Director of Kirloskar Brothers Limited. He is also member of Maratha Chamber of Commerce, Industries and Agriculture and the Executive Committee of FICCI. He is on the Board of several other Companies.</p>
Other directorships	<p>Kirloskar Brothers Limited – Chairman and Managing Director</p> <p>Kirloskar Ferrous Industries Limited</p> <p>Kirloskar Pneumatic Company Limited</p> <p>Kirloskar Constructions & Engineers Limited</p> <p>Kirloskar Ebara Pumps Limited</p> <p>Kirloskar Silk Industries Limited</p> <p>Kulkarni Power Tools Limited</p> <p>Evolution Markets India Private Limited</p> <p>Prakar Investments Private Limited - Chairman</p> <p>Kirloskar Proprietary Limited</p> <p>Asara Sales and Investments Private Limited</p> <p>Kirloskar Brothers International B.V., Netherlands</p> <p>Kirloskar Kenya Limited</p> <p>Kirloskar Services (K) Limited, Kenya</p> <p>SPP Pumps Limited</p>
Professional Achievements	<p>He is presently the Chairman and Managing Director of Kirloskar Brothers Limited. Under his leadership the Company strengthened its leadership position in the domestic market and also made successful foray into new export markets. He was actively involved in visualizing and developing joint venture companies -</p>

		Kirloskar Copeland Limited and Kirloskar Ebara Pumps Limited with Copeland Corporation, USA and Ebara Corporation, Japan respectively. He is on the board of Prakar Investments Private Limited which is registered with the Reserve Bank of India as NBFC.
	Passport No.	Z1723523
	Licence No.	MH 12 20010172877

4.	Mr. Gautam A. Kulkarni
Date of birth (Age)	30 December 1957
Personal address	Yena, 1, Adwaitnagar, Paud Road, Erandwane, Pune - 411 038
Qualification	Undergraduate
Experience	<p>He has been associated with the Kirloskar Group of companies for more than 29 years at senior levels and in different capacities. He started his career in 1978 as a Trainee in Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL). He underwent extensive training in the Servicing, Production and Tech Center (R & D) until 1983. In 1983, he was assigned to look after Kirloskar Filters Limited (KFL) and was appointed as its chief executive.</p> <p>In April 1984, he was appointed as the Managing Director for a period of 12 years prior to the merger of KFL with Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL). In the year 1992, he was appointed as Vice President of Kirloskar Brothers Limited (KBL) while he was attached to the Corporate Office of the Group. In July 2000, he was co-opted as a Director and has been appointed as the Vice Chairman of KBL. He is a member of the Audit and Finance Committee and Remuneration Committee of KBL.</p>
Other directorships	Kirloskar Brothers Limited Kirloskar Proprietary Limited Asara Sales and Investments Private Limited

		Achyut & Neeta Holdings & Finance Private Limited Navsai Investments Private SPP Pumps Limited, England
	Professional Achievements	In 1998, he joined Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL), as the Joint Managing Director, wherein he played a major role in Kirloskar Industries Limited's (earlier known as Kirloskar Oil Engines Limited - KIL)'s turnaround process with the help of major restructuring and reduction in debts and interest burden of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - KIL). He is associated with three Public Limited Companies and two Private Limited Companies as Director He is on the Board of Achyut & Neeta Holdings & Finance Private Limited & Navsai Investments Private Limited The Companies are registered with the Reserve Bank of India as NBFC. Presently, he is working as Joint Managing Director of Kirloskar Oil Engines Limited.
	Passport No.	Z1563348
	Licence No.	MH 12 20030313868

5. Mr. Vikram S. Kirloskar		
Date of birth (Age)	19 November 1958	
Personal address	Kirloskar Residence, Kirloskar Business Park, Bellary Road, Hebbal, Bangalore - 560 024	
Qualification	Bachelor of Science in Mechanical Engineering	
Experience	He has been trained in various companies in India and Abroad in different capacities. He is director on various Listed Companies and Private Limited Companies. He has a vast business experience.	
Other directorships	Kirloskar Brothers Limited Kirloskar Pneumatic Company Limited Kirloskar Proprietary Limited	

		Kirloskar Industries Limited Kirloskar Systems Limited Quadrant Communications Limited Asara Sales and Investments Private Limited Common Purpose India (Section 25 Company) Denso Kirloskar Industries Private Limited Kirloskar Technologies Private Limited Kirloskar Toyoda Textile Machinery Private Limited Toyota Kirloskar Auto Parts Private Limited Toyota Kirloskar Motors Private Limited Toyota Tsusho Insurance Broker India Private Limited VikramGeet Investments & Holdings Private Limited Takshasila Health care and research services Private Limited
	Professional Achievements	He was instrumental in setting up successful joint ventures with Toyota Group.
	Passport No.	Z1732358
	Licence No.	1078/78-79

	6. Mrs. Arti A. Kirloskar	
	Date of birth (Age)	29 October 1960
	Personal address	'RADHA', 453 Gokhale Road Pune-411016
	Qualification	Master in Fine Arts
	Experience	She works on the board of several NGO's. She works with Plan India, one of the oldest and largest International development agencies in the World. Plan is in 49 developing countries across Africa, Asia and the Americas and directly supports more than 1.5 million children and their families. She heads up the Pune Chapter of Intach which is a nationwide, non profit organisations to protect and conserve India's vast natural and cultural heritage and revive dying craft traditions throughout India. She is a trustee of Kirloskar Foundation. She is a keen lover of the arts, India dance and design and has helped to curate a number of art shows and exhibitions.

	Other directorships	Cees Investments & Consultants Pvt. Ltd. Navsai Investments Pvt. Ltd.
	Professional Achievements	She is on the Board of Cees Investments & Consultants Pvt. Ltd. and Navsai Investments Pvt. Ltd. The Companies are registered with Reserve Bank of India as NBFC.
	Passport No.	G0360246
	Licence No.	MH 12/02/263691

	7. Mrs. Alpna Rahul Kirloskar	
	Date of birth (Age)	9 January 1965
	Personal address	Lakaki Compound, Shivaji Nagar, Model Colony, Pune - 411016
	Qualification	Bachelor of Architecture
	Experience	Architect and Interior Designer
	Other directorships	1. Alpak Investments Pvt. Ltd. 2. Cees Investments & Consultants Pvt. Ltd.
	Professional Achievements	She is on the Board of Cees Investments & Consultants Pvt. Ltd. and Alpak Investments Pvt. Ltd. The Companies are registered with Reserve Bank of India as NBFC.
	Passport No.	Z1723532
	Licence No.	-

	8. Mrs. Suman C. Kirloskar	
	Date of birth (Age)	22 April 1935
	Personal address	Lakaki Compound, Shivaji Nagar, Model Colony, Pune - 411016
	Qualification	B.Sc.
	Experience	Basically a housewife, who is interested in welfare of women and children as such associated with Shrivatsa (an institution working for adoption), Mahila Seva Mandal (a rescue home) where women and their children are given shelter, fed, clothed, educated and rehabilitated, Hingne Stree Shikshan Sanstha - Empress Garden as office bearer in various capacities as Chairman, Treasurer, Trustee - Mahila Udyog, Chairman
	Other directorships	1. Bajaj Auto Ltd. – Director 2. Mahila Udyog Ltd. - Chairman 3. Hematic Motors Pvt. Ltd. - Director
	Professional Achievements	She is associated with various social service organisations.
	Passport No.	Z1456352
	Licence No.	-

	9. Mrs. Neeta Kulkarni	
	Date of birth (Age)	18th April 1933

	Personal address	Yena, 1, Adwaitnagar, Paud Road, Erandwane, Pune - 411 016
	Qualification	Matriculate
	Experience	-
	Other directorships	-
	Professional Achievements	-
	Passport No.	F9555918
	Licence No.	NIL

	10. Mrs. Jyotsna Gautam Kulkarni	
	Date of birth (Age)	6 November 1955
	Personal address	Yena, 1, Adwaitnagar, Paud Road, Erandwane, Pune - 411 038
	Qualification	Master of Science in Anthropology
	Experience	Sole Proprietor of Jyo's Jewellery. Jewellery manufacturing and selling etc.
	Other directorships	Achyut & Neeta Holdings & Finance Pvt. Ltd.
	Professional Achievements	She is on the Board of Achyut & Neeta Holdings & Finance Pvt. Ltd. which is registered with the Reserve Bank of India as NBFC.

	Passport No.	F3589033
	Licence No.	-

	11. Mrs. Mrinalini Shreekant Kirloskar	
	Date of birth (Age)	20 July 1936
	Personal address	Lakaki, Model Colony, Pune -411 016
	Qualification	Inter Arts
	Experience	She was co-opted as the Director of the Poona Industrial Hotel Limited w.e.f.1st January 1983. She became Vice Chairman and Managing Director of the Company w.e.f. 26th November 1985. She is director of Mahila Udyog Ltd. She was resigned from the Board of PIH Finvest Company Ltd. w.e.f. 14th April 2008.
	Other directorships	Mahila Udyog Ltd. – Director
	Professional Achievements	Since she started looking after the affairs of the Company, the performance of the hotel started improving at an accelerated rate which was reflected in the Balance Sheets for the last 3 years. Total business of the Company had considerably increased and all this was attributed to the managerial qualities of Mrs. Mrinalini Kirloskar
	Passport No.	F4608875
	Licence No.	MH-12-20020262923

12. Ms. Geetanjali Kirloskar	
Date of birth (Age)	14 October 1965

Personal address	Kirloskar Residence, Kirloskar Business Park, Bellary Road, Hebbal, Bangalore - 560 024
Qualification	B.A.
Experience	She is a Chairperson of India – Japan initiative. Also she is director of Quadrant Communication Ltd. She is on the Board of several other Companies.
Other directorships	Quadrant Communications Ltd. Kirloskar Systems Ltd. Kirloskar Technologies Pvt. Ltd. Pratibha Communications Pvt. Ltd. Sri Harihareshwara Finance & Investments Pvt. Ltd. Toyota Tsusho Insurance Broker India Pvt. Ltd. Vikram Geet Investments & Holdings Pvt. Ltd.
Professional Achievements	-
Passport No.	Z1732342
Licence No.	-

	13 Mrs. Roopa Gupta	
	Date of birth (Age)	11th October 1961
	Personal address	F 29, Venus Apartments, 8th Floor R.G.Thadani Marg, Worli Seaface, Mumbai - 400018
	Qualification	Commercial Art
	Experience	She has worked with Raghupati Leasing and Finance Ltd. as Executive from 1998 to 1999. She has also worked with Mitsui & Co. Ltd. from Jun 1999 to March 2004 as an Executive and from April 2004 to February 2005 with Mitsui & Co. India Pvt. Ltd. as an Assistant Manager -

		Corporate planning. She was also Executive Director of Vijayaram Investments Pvt. Ltd.
	Other directorships	-
	Professional Achievements	She was on the Board of Vijayaram Investments Pvt. Ltd. .
	Passport No.	B 5140914
	Licence No.	P03122005478228N

14. Kirloskar Brothers Investments Limited (KBIL)

Kirloskar Brothers Investments Limited was incorporated as a wholly owned subsidiary of Kirloskar Brothers Limited (KBL) on April 16, 2009 as an investment company for the purpose of transfer and vesting of certain investments of KBL, on going concern basis pursuant to the Scheme of Arrangement. The said Scheme was approved by the Hon'ble High Court of Judicature at Bombay vide its order dated January 22, 2010, through which certain investments held by KBL are getting transferred to the Company.

The Company received the Certificate of Commencement of Business on May 29, 2009 from the Registrar of Companies, Pune, Maharashtra. The Registered Office of the Company was shifted from Udyog Bhavan, Tilak Road, Pune – 411 002 to 13/A, Karve Road, Kothrud, Pune – 411 038 as decided by the Board of Directors at its meeting held on February 13, 2010 in order to facilitate the operational and administrative operations with effect from February 15, 2010.

Principal business: Investment Company

Board of Directors of KBIL as on 30th September 2010:

- | | |
|--------------------------|--------------------|
| a) Mr. Atul C. Kirloskar | Chairman |
| b) Mr. A.C. Kulkarni | Executive Director |
| c) Mr. A. R. Sathe | Director |
| d) Mr. G. P. Kulkarni | Director |
| e) Mr. A.N. Alawani | Director |
| f) Mr. Nihal Kulkarni | Director |

Shareholding pattern of KBIL as on **30 September 2010** *

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A + B) ⁵	As a percentage of (A + B + C)
(A)	Shareholding of Promoter and Promoter Group⁶					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	22	2734397	2734021	51.70	51.70
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	2	556125	556125	10.52	10.52
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-
	Sub-Total (A)(1)	24	3290522	3290146	62.22	62.22
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	24	3290522	3290146	62.22	62.22

⁵ For determining public shareholding for the purpose of Clause 40A

⁶ For definitions of "Promoter" and "Promoter Group", refer to Clause 40A

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A + B) ⁷	As a percentage of (A + B + C)
(B)	Public shareholding⁸					
(1)	Institutions					
(a)	Mutual Funds/ UTI	13	3,74,975	3,74,975	7.09	7.09
(b)	Financial Institutions/ Banks	9	6,073	347	0.11	0.11
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	5	2,67,489	2,67,339	5.06	5.06
(f)	Foreign Institutional Investors	9	65,674	65,674	1.24	1.24
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-
	Sub-Total (B)(1)	36	7,14,211	7,08,335	13.51	13.51
(2)	Non-institutions					
(a)	Bodies Corporate	279	2,18,742	1,68,051	4.14	4.14
(b)	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh. ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	15,474 5	9,78,600 70,964	5,95,903 70,964	18.51 1.34	18.51 1.34
(c)	Any Other (specify) Clearing Members	31	1,415	1,415	0.03	0.03
	Non-Resident Indians	171	13,764	10,100	0.26	0.26
	Overseas Corporate Bodies	-	-	-	-	-
	Sub-Total (B)(2)	15,960	12,83,485	8,46,433	24.27	24.27

⁷ For determining public shareholding for the purpose of Clause 40A

⁸ For definitions of "Public Shareholding", refer to Clause 40A

	Total Public Shareholding (B) = (B)(1) + (B)(2)	15,996	19,97,696	15,54,768	37.78	37.78
	TOTAL (A) + (B)	16,020	52,88,218	48,44,914	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-
	GRAND TOTAL (A) + (B) + (C)	16,020	52,88,218	48,44,914	100.00	100.00

Note: * -

Kindly note that the Board of Directors of the Company at its meeting held on 26 April 2010 issued and allotted 500 equity shares of Rs. 10/- each. Therefore, as on 30 September 2010, the number of shares in Public category increased to 19,98,196 equity shares and the total number of shares of the Company changed to 52,88,718 equity shares of Rs. 10/- each.

Further note that KBIL has filed Listing Application with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) in terms of the Scheme of Arrangement. The equity shares of the Company are in frozen mode till it receives trading approval from BSE and NSE. The shareholding patterns, therefore, remains unchanged.

Financial Performance of KBIL

The operating results of KBIL for fiscal for the period ended 31 March 2010 and half year ended 30 September 2010 are as under:

(in Rs. except per share data)

	As at and for the year ended March 31 2010	Un-audited financial results for half year ended 30 September 2010
Sales and other income	23,09,96,195	28,25,61,000
Profit after tax	2,28,68,602	27,82,39,000
Equity Capital (Face value Rs. 10 per share)	5,28,82,180	5,28,87,180
Reserves and Surplus*	79,19,73,912	-
Earnings per share (Basic) (Rs.)	43.28	52.61
Earnings per share (Diluted) (Rs.)	43.28	52.61
Book value (Rs.)	159.76	-

* Net of revaluation reserves and miscellaneous expenses not written off.

Details of listing and highest & lowest market price during the preceding six months: Not Applicable

Monthly High & Low price of the equity shares of KBIL: Not Applicable

Promise v/s Performance (in respect of past issues): Not Applicable

Whether KBIL is a sick company or under
Winding up proceedings : No

Details of defaults in interest, principal, if any : NIL

Details of disciplinary actions by SEBI,
Stock Exchanges : NIL

Refusal from listing of any securities in the past
by the stock exchanges : Not Applicable

Whether the company has made a loss in the
immediately preceding year, if so the figures
of profit or loss for the last three years : Not Applicable

Non payment of any statutory dues : Not Applicable

Defaults against payment of Interest / principal
to any instrument holders : Not Applicable

Contingent liabilities not provided for : Not Applicable

There are no outstanding litigations by or against KBIL as on 30 September 2010.

15. Pooja Credits Private Limited (PCPL)

PCPL was originally incorporated as a wholly owned subsidiary of Kirloskar Brothers Limited on 1 March 1988. PCPL was converted into Public Limited Company and the word Private was deleted from the name of the Company with effect from 16 January 1995. Subsequently, the Company was converted into a Private Limited Company and the word Private was added to the name of the Company with effect from 18 March 2002.

Principal business: Investment Company

Board of Directors of PCPL as on 30th September 2010:

- | | |
|-----------------------|----------|
| a) Mr. A. R. Sathe | Director |
| b) Mr. G. P. Kulkarni | Director |
| c) Mr. A. C. Kulkarni | Director |

Shareholding pattern of PCPL as on 30 September 2010

	Category	No. of shares held	% of shareholding
A	Indian Promoters	3445477	100%
B	Others	NIL	NIL
	Total	3445477	100%

Financial Performance of PCPL

The operating results of PCPL for fiscal 2008, 2009, 2010 and half year ended 30th September 2010 are as under:

(in Rs. except per share data)

Particulars	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	Un-audited financial results for half year ended 30 September 2010
Sales and Other income	38,217,660	18,266,340	4,89,64,176	5,65,64,071
Profit after tax	36,242,913	18,012,162	4,80,76,089	5,59,64,654
Equity Capital (Face Value Rs. 10/- per share)	34,454,770	34,454,770	34,454,770	34,454,770
Reserves and Surplus	99,752,602	100,028,205	14,81,04,295	-
Earnings per share (Basic) (Rs.)	10.52	5.23	13.95	16.25
Earnings per share (Diluted) (Rs.)	10.52	5.23	13.95	16.25
Book value (Rs.)	38.95	39.03	52.98	-

* Net of revaluation reserves and miscellaneous expenses not written off.

History of public / rights issue in last 3 years on following lines: Not Applicable

Date of closure of issue : Not Applicable

Issue Price : Not Applicable

Details of listing and highest & lowest market price during the preceding six months: Not Applicable

Monthly High & Low price of the equity shares of PCPL: Not Applicable

Promise v/s Performance (in respect of past issues): Not Applicable

Whether PCPL is a sick company or under

Winding up proceedings : No

Details of defaults in interest, principal, if any : NIL

Details of disciplinary actions by SEBI,

Stock Exchanges : NIL

Refusal from listing of any securities in the past

by the stock exchanges : Not Applicable

Whether the company has made a loss in the

immediately preceding year, if so the figures
of profit or loss for the last three years : Not Applicable

Non payment of any statutory dues

: Not Applicable

Defaults against payment of Interest / principal

to any instrument holders : Not Applicable

Contingent liabilities not provided for

: Not Applicable

There are no outstanding litigations by or against PCPL as on 30 September 2010.

GROUP COMPANIES

Pursuant to Schedule VIII clause (IX) (c) (2) of SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2009, financial information of following five largest listed companies of the group as on 30 September 2010 has been given below. For this purpose, market capitalization as on latest quarter end has been taken into account.

1. Kirloskar Brothers Limited
2. Kirloskar Pneumatic Company Limited
3. G. G. Dandekar Machine Works Limited
4. Kirloskar Ferrous Industries Limited
5. Kirloskar Industries Limited

1. Kirloskar Brothers Limited (KBL)

Kirloskar Brothers Limited was incorporated on January 15, 1920 under the provisions of Indian Companies Act, 1913. Its registered office is situated at Udyog Bhavan, Tilak Road, Pune – 411 002.

Principal Business: Manufacturers of pumps, valves etc.

Shareholding of KBL as on 30 September 2010

Sr. No.	Category	No. of Shares	%
A	Promoter's holding		
1.	Indian Promoters	41,016,047	51.70
2.	Bodies Corporate	8,341,885	10.51
	Sub-Total (A)	49,357,932	62.21
B	Non-Promoters holding		
1.	Institutional Investors		
(i)	Mutual Funds and UTI	6,024,813	7.59
(ii)	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	4,103,518	5.17
(iii)	FII's	952,579	1.20
	Sub-Total (B)	11,080,910	13.97
C	Others		
(i)	Bodies Corporate	3,689,316	4.65
(ii)	Individuals	14,965,153	18.86
(iii)	NRIs/OCBs	211,924	0.27
(iv)	Trusts	0	0
(v)	Clearing Members	29,671	0.04
(vi)	Foreign Corporate Bodies	0	0

(vii)	Any other	0	0
	Sub-Total (C)	18,896,064	23.82
	GRAND TOTAL (A + B + C)	79,334,906	100.00

Board of Directors of KBL as on 30 September 2010

1. Mr. Sanjay C. Kirloskar	Chairman and Managing Director
2. Mr. Gautam A. Kulkarni	Vice Chairman
3. Mr. Vikram S. Kirloskar	Director
4. Mr. Mukund S. Kirloskar	Director
5. Mr. S. N. Inamdar	Director
6. Mr. Rahul C. Kirloskar	Director
7. Mr. U. V. Rao	Director
8. Mr. R. K. Srivastava	Whole-time Director
9. Mr. P. S. Jawadekar	Director
10. Mr. Jayant R. Sapre	Whole-time Director
11. Mr. A. N. Alawani	Director
12. Mrs. Lalita D. Gupte	Director
13. Mr. Pratap B. Shirke	Director

Financial Performance of KBL

The operating results of KBL for the fiscal 2008, 2009 and 2010 and un-audited results for half year ended 30th September 2010 are as under:

(Rs.in Lacs except per share data)

	As at and for the year ended March 31			As at September 2010 (Unaudited)
	2008	2009	2010	
Sales and other income	156810	186686	206578	44793.32
Profit after tax	11014	6702	11752	1949.01
Equity Capital (Face value Rs. 2/- per share)	2115	2115	1587	1587
Reserves and Surplus*	63650	67878	69051	--
Earnings per share (Basic) (Rs.)	10.41	6.34	14.81	2.46
Earnings per share (Diluted) (Rs.)	10.41	6.34	14.81	2.46
Book value (Rs.)	62.60	67.05	89.92	-

* Net of revaluation reserves and miscellaneous expenses not written off.

Share Quotation of KBL

The equity shares of KBL are listed on BSE and NSE. The details of the highest and lowest price on BSE and NSE during the preceding six months are as follows:

BSE

	Highest (Rs.)	Lowest (Rs.)
November 2010	228.90	205.00
October 2010	275.00	215.00
September 2010	273.00	245.25
August 2010	282.35	245.05
July 2010	295.00	254.35
June 2010	270.00	254.00
May 2010	299.95	245.00

(Source: BSE)

NSE

	Highest (Rs.)	Lowest (Rs.)
November 2010	238.50	205.45
October 2010	273.00	217.00
September 2010	272.50	245.10
August 2010	283.55	242.25
July 2010	288.40	256.00
June 2010	270.00	248.40
May 2010	300.00	235.00

(Source: NSE)

History of public / rights issue in last 3 years on following lines: Not Applicable

Date of closure of issue : Not Applicable

Issue Price : Not Applicable

Promise vis-à-vis performance : Not Applicable

Whether KBL is a sick company or under
Winding up proceedings : No

Details of defaults in interest, principal, if any : NIL

Details of disciplinary actions by SEBI,
Stock Exchanges : NIL

For more details see “Outstanding Litigation and Material Development” on page 250 of this Information Memorandum.

2) Kirloskar Pneumatic Company Limited (KPCL)

Kirloskar Pneumatic Company Limited (KPCL) was originally incorporated in 1958 to manufacture various types of Air Compressors and Pneumatic Tools. In 1983, Kirloskar Pneumatic Company Limited was amalgamated with Kirloskar Tractors Limited. Kirloskar Tractors Limited incorporated in 1970 to carry on the business activities to manufacture and sell tractors, engines, accessories and equipment at Nasik. After amalgamation in 1983 the name of Kirloskar Tractors Limited was changed to Kirloskar Pneumatic Company Limited (KPCL) w.e.f. September 4, 1984. In April 2002 Kirloskar Pneumatic Company Limited was amalgamated with K.G. Khosla Compressors Limited in terms of the order dated April 26, 2002 passed by the High Court of Judicature at Bombay. The name of K.G. Khosla Compressors Limited was thereafter changed to “KIRLOSKAR PNEUMATIC COMPANY LIMITED” w.e.f. June 4, 2002 pursuant to section 21 of the Companies Act, 1956. Originally K.G. Khosla Compressors Limited incorporated in 1974 at Delhi. Kirloskar Pneumatic Company Limited and Kirloskar Group had acquired 37% shares of K.G. Khosla Compressors Limited from its Promoters and other Public in 1994-98. By acquiring this KPCL was in control of K.G. Khosla Compressors Limited.

The registered office of Kirloskar Pneumatic Company Limited is located at Hadapsar Industrial Estate, Pune-411013(MAHARASHTRA) and has its production facilities located at Hadapsar Industrial Estate, Pune and Saswad, Tal. Purandhar all in the State of Maharashtra.

KPCL operates in hi-tech and specialized areas of engineering products. This is borne out by the acceptance of its products in the national and international markets. The objective of cost effectiveness and high quality are achieved through upgradation of technologies through in-house Research and Development efforts.

Principal Business: Compressed Air, Air Conditioning, Refrigeration, Process gas System, Hydraulic Power Transmission Equipments and Gear Boxes etc

Shareholding of KPCL as on 30 September 2010

Sr. No.	Category	No. of Shares	%
A	Promoter's holding		
1.	Indian Promoters	71,73,983	55.85
2.	Foreign Promoters	-	-
	Sub-Total (A)	71,73,983	55.85
B	Non-Promoters holding		
1.	Institutional Investors		
(i)	Mutual Funds and UTI	18,62,929	14.50
(ii)	Banks, Financial Institutions, Insurance	72,435	0.57

	Companies (Central/State Government Institutions/Non-Government Institutions)		
(iii)	FII's	-	-
	Sub-Total (B)	19,35,364	15.07
C	Others		
(i)	Bodies Corporate	10,54,691	8.21
(ii)	Individuals	26,12,656	20.34
(iii)	NRIs/OCBs	50,599	0.40
(iv)	Trusts	4	0.00
(v)	Clearing Members	17,041	0.13
(vi)	Foreign Corporate Bodies	-	-
(vii)	Any other	-	-
	Sub-Total (C)	37,34,991	29.08
	GRAND TOTAL (A + B + C)	1,28,44,338	100.00

Board of Directors of KPCL as on 30 September 2010

- | | |
|----------------------------|--------------------|
| 1. Mr. Rahul C. Kirloskar | Chairman |
| 2. Mr. Sanjay C. Kirloskar | Director |
| 3. Mr. A. C. Mukherji | Director |
| 4. Mr. J. Y. Tekawade | Director |
| 5. Mr. Vikram S. Kirloskar | Director |
| 6. Mr. G. Krishna Rao | Director |
| 7. Mr. P. S. Jawadekar | Director |
| 8. Mr. D. R. Swar | Director |
| 9. Mr. Aditya Kowshik | Executive Director |

Financial Performance of KPCL

The operating results of KPCL for the fiscal 2008, 2009 and 2010 and un-audited results for half year ended 30th September 2010 are as under:

(Rs.in lacs except per share data)

	As at and for the year ended March 31			As at September 2010 (Unaudited)
	2008	2009	2010	
Sales and other income	41119	52574	46325	21070
Profit after tax	2984	4085	4757	1246
Equity Capital (Face value Rs. 10 per share)	1284	1284	1284	1284
Reserves and Surplus*	9140	11809	14797	16043
Earnings per share (Basic) (Rs.)	23.72	32.48	37.29	9.71
Earnings per share (Diluted) (Rs.)	23.72	32.48	37.29	9.71
Book value (Rs.)	81.16	101.95	125.20	134.94

* Net of revaluation reserves and miscellaneous expenses not written off.

Share Quotation of KPCL

The equity shares of KPCL are listed on BSE. The details of the highest and lowest price on BSE during the preceding six months are as follows:

BSE

	Highest (Rs.)	Lowest (Rs.)
November 2010	603.00	526.50
October 2010	639.00	555.00
September 2010	665.00	501.00
August 2010	560.00	500.55
July 2010	563.00	457.00
June 2010	497.90	430.05
May 2010	528.00	422.00

(Source: BSE)

History of public / rights issue in last 3 years on following lines: Not Applicable

Date of closure of issue : Not Applicable

Issue Price : Not Applicable

Promise vis-à-vis performance : Not Applicable

Whether KPCL is a sick company or under
Winding up proceedings : No

Details of defaults in interest, principal, if any : NIL

Details of disciplinary actions by SEBI,
Stock Exchanges : NIL

For more details see "Outstanding Litigation and Material Development" on page 251 of this Information Memorandum.

3) G. G. Dandekar Machine Works Limited (GGDMWL)

G. G. Dandekar Machine Works Limited was incorporated on December 8, 1938 under the provisions of Companies Act, 1956. Its registered office is situated at Dandekarwadi, Bhiwandi – 421 302, Dist: Thane (Maharashtra).

Principal Business: Manufacturers of Rice Milling Machinery and other Food Processing Machinery.

Shareholding of GGDMWL as on 30 September 2010

Sr. No.	Category	No. of Shares	%
A	Promoter's holding		
1.	Indian Promoters	2386335	50.12
2.	Foreign Promoters	-	-
	Sub-Total (A)	2386335	50.12
B	Non-Promoters holding		
1.	Institutional Investors	-	-
(i)	Mutual Funds and UTI	-	-
(ii)	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	238080	5.00
(iii)	FIs	4000	0.08
	Sub-Total (B)	242080	5.08
C	Others		
(i)	Bodies Corporate	417961	8.78
(ii)	Individuals	1627870	34.19
(iii)	NRIs/OCBs	32178	0.68
(iv)	Trusts		
(v)	Clearing Members	54963	1.15
(vi)	Foreign Corporate Bodies		
(vii)	Any other		
	Sub-Total (C)	2132972	44.80
	GRAND TOTAL (A + B + C)	4761387	100.00

Board of Directors of GGDMWL as on 30 September 2010

Mr. Atul C. Kirloskar	Chairman
Mr. Nihal G. Kulkarni	Vice Chairman
Mr. Jeetendra M. Shinde	Executive Director
Mr. Dattatraya R. Swar	Director
Ms. Aditi V. Chirmule	Director
Mr. Vinod R. Sethi	Director

Financial Performance of GGDMWL

The operating results of GGDMWL for the fiscal 2008, 2009 and 2010 and un-audited results for half year ended 30th September 2010 are as under:

(Rs.in million except per share data)

	As at and for the year ended March 31			As at September 2010 (Unaudited)
	2008	2009	2010	
Sales and other income	192.37	196.86	202.36	92.59
Profit after tax	36.83	40.86	16.46	13.43
Equity Capital (Face value Re. 1 per share)	4.76	4.76	4.76	4.76
Reserves and Surplus *	278.39	302.26	302.26	315.69
Earnings per share (Basic) (Rs.)	7.74	8.67	3.46	2.82
Earnings per share (Diluted) (Rs.)	7.74	8.67	3.46	2.82
Book value (Rs.)	59.47	64.48	64.48	67.32

* Net of revaluation reserves and miscellaneous expenses not written off.

Share Quotation of GGDMWL

The equity shares of GGDMWL are listed on BSE. The details of the highest and lowest price on BSE during the preceding six months are as follows:

BSE

	Highest (Rs.)	Lowest (Rs.)
November 2010	81.45	67.25
October 2010	72.15	66.00
September 2010	81.60	57.50
August 2010	85.00	72.50
July 2010	93.45	81.90
June 2010	105.50	84.10
May 2010	103.00	84.10

(Source: BSE)

History of public / rights issue in last 3 years on following lines: Not Applicable

Date of closure of issue : Not Applicable

Issue Price : Not Applicable

Promise vis-à-vis performance : Not Applicable

Whether GGDMWL is a sick company or under Winding up proceedings : No

Details of defaults in interest, principal, if any : NIL

Details of disciplinary actions by SEBI, Stock Exchanges : NIL

For more details see "Outstanding Litigation and Material Development" on page 252 of this Information Memorandum.

4) Kirloskar Ferrous Industries Limited (KFIL)

Kirloskar Ferrous Industries Limited was incorporated on September 10, 1991 under the provisions of Companies Act, 1956. Its registered office is situated at Laxmanrao Kirloskar Road, Khadki, Pune – 411 003.

Principal Business: Manufacturing pig iron and castings

Shareholding of KFIL as on 30 September 2010

Sr. No.	Category	No. of Shares	%
A	Promoter's holding		
1.	Indian Promoters	8,09,46,910	58.95
2.	Foreign Promoters	-	-
	Sub-Total (A)	8,09,46,910	58.95
B	Non-Promoters holding		
1.	Institutional Investors	-	-
(i)	Mutual Funds and UTI	67,50,405	4.92
(ii)	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	35,69,500	2.60
(iii)	FII's	48,100	0.03
	Sub-Total (B)	1,03,68,005	7.55
C	Others		

(i)	Bodies Corporate	65,37,416	4.76
(ii)	Individuals	3,72,39,144	27.12
(iii)	NRIs/OCBs	13,87,718	1.01
(iv)	Trusts	200	0.00
(v)	Clearing Members	7,48,878	0.55
(vi)	Any other	78,300	0.06
	Sub-Total (C)	4,59,91,656	33.50
	GRAND TOTAL (A + B + C)	13,73,06,571	100.00

Board of Directors of KFIL as on 30 September 2010

1.	Mr. Atul C. Kirloskar	Chairman
2.	Mr. Sanjay C. Kirloskar	Director
3.	Mr. R. V. Gumaste	Managing Director
4.	Mr. S. N. Inamdar	Director
5.	Mr. A. R. Jamenis	Director
6.	Mr. A. N. Alawani	Director
7.	Mr. C. V. Tikekar	Director
8.	Mr. S. G. Chitnis	Director

Financial Performance of KFIL

The operating results of KFIL for the fiscal 2008, 2009 and 2010 and un-audited results for half year ended 30th September 2010 are as under:

(in Rs. except per share data)

	As at and for the year ended March 31			As at September 2010 (Unaudited)
	2008	2009	2010	
Sales and other income	7,44,80,32,539	7,04,22,62,288	8,172,140,511	5,072,817,332
Profit after tax	49,03,19,549	7,94,87,560	490,679,009	170,176,235
Equity Capital (Face value Rs. 5 per share)	68,50,25,825	68,64,72,395	686,486,515	686,532,855
Reserves and Surplus*	2,31,64,30,529	2,28,65,56,615	2,578,965,505	2,825,390,093
Earnings per share (Basic) (Rs.)	3.58	0.58	3.57	1.24
Earnings per share (Diluted) (Rs.)	3.03	0.58	3.57	1.21
Book value (Rs.)	21.91	21.65	23.78	25.57

* Net of revaluation reserves and miscellaneous expenses not written off.

Share Quotation of KFIL

The equity shares of KFIL are listed on BSE. The details of the highest and lowest price on BSE during the preceding six months are as follows:

BSE

	Highest (Rs.)	Lowest (Rs.)
November 2010	34.10	25.00
October 2010	38.50	30.90
September 2010	39.50	34.00
August 2010	39.95	35.00
July 2010	41.40	33.00
June 2010	40.00	32.10
May 2010	40.30	32.10

(Source: BSE)

History of public / rights issue in last 3 years on following lines:

In terms of the Letter of Offer dated January 2, 2007, the company offered 6,50,00,160 fully paid equity shares of Rs. 5/- each at a premium of Rs. 30/- per share, on rights basis to the existing shareholders as on Record Date i.e. December 27, 2006.

The total issue size aggregated to Rs. 4,550 millions. The details of estimate utilisation of Rights Issue as stated in the Letter of Offer and the actual utilisation

Date of opening of issue : January 19, 2007

Date of closure of issue : February 17, 2007

Issue Price : RS. 35/-

Promise vis-à-vis performance

For every one equity share being allotted on rights basis, the company also offered one Detachable Warrant to be exercised at a price of Rs. 35/- per share during the Warrant Despatch Period.

The details of estimate utilisation of Rights Issue proceeds as stated in the Letter of Offer and the actual utilisation are as follows:

(Rs. In millions)

Particulars	Projections as given in the Letter of Offer	Actual expenditure (excluding issue expenses)
Redemption of preference shares	1046.87	1046.87
Acquisition of foundry	210.00	210.00
Installation of moulding line	739.82	* 1095.78
Installation of Hot Blast Stoves for MBF - I	191.33	* 207.49
Installation of Turbo Blower for MBF - I	165.39	127.13
	2353.41	2687.27

* The expenditure of Rs. 1095.78 million and Rs. 207.49 million incurred towards the installation of moulding line and the installation of hot blast stoves for MBF – I has been financed as follows:

- a. Rs. 869.21 million from the proceeds of Rights Issue and
- b. Balance Rs. 434.06 million from internal generation and long-term borrowings.

The Rights Issue proceeds of Rs. 2267.40 million has been utilised as follows:

- a. Towards issue expenses : Rs. 14.19 million
- b. Towards Rights Issue objects : Rs. 2253.21 million

The company has not utilised the Rights Issue proceeds for the purposes other than those stated in the Letter of Offer dated January 2, 2007.

Whether KFIL is a sick company or under

Winding up proceedings : No

Details of defaults in interest, principal, if any : NIL

Details of disciplinary actions by SEBI,

Stock Exchanges : NIL

For more details see "Outstanding Litigation and Material Development" on page no. 251 of this Information Memorandum.

5) Kirloskar Industries Limited (KIL)

Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited) was incorporated as a public limited company on June 26, 1946 under the provisions of Indian Companies Act, 1913 having its registered office at Laxmanrao Kirloskar Road, Khadki, Pune – 411 003.

Prashant Khosla Pneumatics Limited (PKPL) was incorporated on June 13, 1978 at Jaipur under the Companies Act, 1956. On March 1, 1996, pursuant to an order dated February 7, 1996 of the Board for Industrial and Financial Reconstruction issued under section 18 of the Sick Industrial Companies (Special Provision) Act, 1985, KOEL was merged with PKPL and subsequently the name of the company was changed to Kirloskar Oil Engines Limited. (CIN: L29112PN1978PLC088972).

The name of Kirloskar Oil Engines Limited has been changed to Kirloskar Industries Limited with effect from 31 March 2010 pursuant to the Scheme of Arrangement between Kirloskar Oil Engines Limited and Kirloskar Engines India Limited.

The Company's Engines and Auto Components business has been transferred to KOEL pursuant to the said Scheme with effect from 31 March 2010.

Principal Business: Windmills and others include investments in properties and securities.

Shareholding of KIL as on 30 September 2010

Sr. No.	Category	No. of Shares	%
A	Promoter's holding		
1.	Indian Promoters	62,20,724	64.07
2.	Foreign Promoters	NIL	NIL
	Sub-Total (A)	62,20,724	64.07
B	Non-Promoters holding		
1.	Institutional Investors		
(i)	Mutual Funds and UTI	8,08,770	8.33
(ii)	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	1,23,014	1.27
(iii)	FII's	9,94,871	10.25
	Sub-Total (B)	19,26,655	19.84
C	Others		
(i)	Bodies Corporate	1,79,315	1.85
(ii)	Individuals	13,37,562	13.78
(iii)	NRIs/OCBs	24,913	0.26

(iv)	Market Makers	NIL	NIL
(v)	Clearing Members	19,450	0.20
(vi)	Foreign Corporate Bodies	NIL	NIL
(vii)	Any other	NIL	NIL
	Sub-Total (C)	15,61,240	16.09
	GRAND TOTAL (A + B + C)	97,08,619	100.00

Board of Directors of KIL as on 30 September 2010

1.	Mr. Atul C. Kirloskar	Chairman and Managing Director
2.	Mr. V. K. Bajhal	Director
3.	Mr. Vikram S. Kirloskar	Director
4.	Mr. A. N. Alawani	Director
5.	Mr. Nihal Kulkarni	Director
6.	Mr. S.N. Inamdar	Director
7.	Mr. A.R. Sathe	Director

Financial Performance of KIL

The operating results of KIL for the fiscal 2008, 2009 and 2010 and un-audited results for half year ended 30th September 2010 are as under:

(Rs.in million except per share data)

	For the year ended 31 March 2010	For the half year ended 30 September 2010
Sales and other income	507	323
Profit after tax	386	262
Equity Capital (Face value Rs. 10 per share)	97	97
Reserves and Surplus*	4,689	4952
Earnings per share (Basic) (Rs.)	39.84	27.07
Earnings per share (Diluted) (Rs.)	39.84	27.07
Book value (Rs.)	493	520

* Net of revaluation reserves and miscellaneous expenses not written off.

Note: The financial results of KIL are after giving effect to the Scheme of Arrangement. Figures for the previous year have not given, as they are not representative of Company' performance.

Share Quotation of KIL

The equity shares of KIL are listed on BSE and NSE. The details of the highest and lowest price on BSE and NSE during the preceding six months are as follows:

BSE

	Highest (Rs.)	Lowest (Rs.)
November 2010	395.00	360.05
October 2010	412.50	345.10
September 2010	390.00	327.00
August 2010	380.00	322.50
July 2010	405.50	360.00
June 2010	650.75	355.00
May 2010	--	--
April 2010	178.00	157.10

(Source: BSE)

NSE

	Highest (Rs.)	Lowest (Rs.)
November 2010	397.00	355.10
October 2010	399.95	341.00
September 2010	392.00	330.15
August 2010	376.00	313.60
July 2010	403.80	358.15
June 2010	879.00	240.00
May 2010	---	---
April 2010	178.00	164.05

(Source: NSE)

History of public / rights issue in last 3 years on following lines: Not Applicable

Date of closure of issue : Not Applicable

Issue Price : Not Applicable

Promise vis-à-vis performance : Not Applicable

Whether KIL is a sick company or under
Winding up proceedings : No

Details of defaults in interest, principal, if any : NIL

Details of disciplinary actions by SEBI,
Stock Exchanges : NIL

For more details see "Outstanding Litigation and Material Development" on page 249 of this Information Memorandum.

CURRENCY OF PRESENTATION

In this Information Memorandum, all references to “Rupees” or “Rs.” are to Indian Rupees, the legal currency of the Republic of India.

DIVIDEND POLICY

The Company does not have any formal dividend policy for its equity shares. The declaration and payment of equity dividend in a company will be recommended by our board of directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Company has not paid any dividend on its equity shares so far.

AUDITORS' REPORT TO THE MEMBERS OF KIRLOSKAR ENGINES INDIA LIMITED

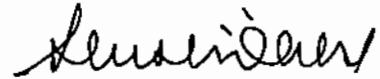
1. We have audited the attached Balance Sheet of KIRLOSKAR ENGINES INDIA LIMITED, as at 31st March, 2010, and the related Profit and Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us and in consideration of the scheme of arrangement detailed in Note No 2 in schedule 22 to the Financial Statements, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;



(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
- (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

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



Shishir Dalal
Partner

Membership Number: 37310

Mumbai: 14th May, 2010



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of KIRLOSKAR ENGINES INDIA LIMITED on the financial statements for the year ended 31st March, 2010

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them at the close of the year.

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

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weaknesses have been noticed or reported.



5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.



- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2010 which have not been deposited on account of a dispute, are as follows -

Name of the statute	Nature of dues	Amount under dispute not yet deposited (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Sales tax including interest and penalty, as applicable	1,334,878	2008 to 2010	Supreme Court
		19,235,425	1990 to 1997, 2004-05	High Court
		5,263,737	1995-96 and 2005-06	Tribunal
		1,242,015	1996-97, 2004 to 2006	Appellate Authority – upto Commissioner's level
Income Tax	Income tax including interest and penalty, as applicable	66,001,138	1994-95 1997 to 2001	Tribunal
Service Tax	Service tax including interest and penalty, as applicable	1,937,976	1997 to 2001, 2006 to 2009	Tribunal
		4,364,119	2005 to 2009	Appellate Authority – upto Commissioner's level
Customs	Customs duty including interest and penalty, as applicable	10,798,507	1991-92, 2006-07	Appellate Authority – upto Commissioner's level
Excise	Excise duty including interest and penalty, as applicable	4,042,297	2000 to 2002, 2004-05, 2007-08	Tribunal
		2,822,023	1996-97 2003 to 2007	Appellate Authority – upto Commissioner's level
Octroi	Octroi including interest and penalty, as applicable	38,004,063	2002 to 2008	Civil Court

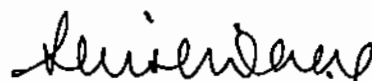
10. As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In respect of shares, securities, and other investments dealt or traded by the Company, proper records have been maintained in respect of the transactions and contracts and timely entries have been made therein. All the investments at the close of the year are in



the process of being transferred in the name of the Company as detailed in the Note no 2(B) of Schedule 22 of the Financial Statements.

14. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
15. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debentures and hence the company has not created any security or charge in respect thereof.
19. The Company has not raised any money by public issues during the year.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
21. Considering the nature of the business, clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable in the case of the Company for the current year, hence in our opinion there is no matter which arises to be reported in the aforesaid clause of the order.

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



Shishir Dalal
Partner

Membership Number: 37310

Mumbai: 14th May, 2010



KIRLOSKAR ENGINES INDIA LIMITED

BALANCE SHEET AS AT 31 MARCH 2010

	SCHEDULE	Rs. in 000's As at 31 March 2010
I. SOURCES OF FUNDS		
1. Shareholders' funds		
[a] Share Capital	01	291,260
[b] Reserves and surplus	02	6,512,807
		<u>6,804,067</u>
2. Loan funds		
[a] Secured loans	03	2,695,633
[b] Unsecured loans	04	436
		<u>2,696,069</u>
3. Deferred Tax Adjustment (See note no. 23)		
[a] Deferred tax Liability		516,936
[b] Deferred tax Asset		193,633
		<u>323,303</u>
Total		<u><u>9,823,439</u></u>
II. APPLICATION OF FUNDS		
1. Fixed assets	05	
[a] Gross block		9,652,523
[b] Less: depreciation		<u>4,026,052</u>
[c] Net block		5,626,471
[d] Capital work-in-progress including Capital Advances		<u>124,029</u>
		5,750,500
2. Investments	06	2,000,922
Carried over		<u>7,751,422</u>



BALANCE SHEET AS AT 31 MARCH 2010

	SCHEDULE	Rs. in 000's As at 31 March 2010
II. APPLICATION OF FUNDS [Contd.]		
Brought over		7,751,422
3. Current assets, loans and advances		
(a) Inventories	07	1,402,961
(b) Sundry debtors	08	3,854,363
(c) Cash and bank balances	09	636,553
(d) Other current assets	10	741,333
(e) Loans and advances	11	1,169,231
		<u>7,804,441</u>
Less: Current liabilities and provisions		
(a) Liabilities	12	4,345,404
(b) Provisions	13	1,387,020
		<u>5,732,424</u>
Net current assets		2,072,017
Total		<u><u>9,823,439</u></u>
Notes forming part of the Financial Statements	22	

As per our attached report of even date.

For and on behalf of the Board of Directors.

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



SHISHIR DALAL
Partner
Membership Number : 37310



ATUL C. KIRLOSKAR
Chairman & Managing Director



GAUTAM A. KULKARNI
Joint Managing Director



SANJAY D. PARANDE
Chief Financial Officer



SMITA RAICHURKAR
Assistant Company Secretary

Mumbai : 14 May 2010

Pune : 14 May 2010



KIRLOSKAR ENGINES INDIA LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 12 JANUARY 2009 TO 31 MARCH 2010**

	SCHEDULE	Rs. In 000's 12 January 2009 to 31 March 2010
INCOME		
Sales & Services (Gross)		23,463,728
Less : Excise duty		<u>1,278,679</u>
		22,185,049
Operating income	14	424,384
Financial Income	15	82,289
		<u>22,691,722</u>
EXPENDITURE		
Materials consumed	16	13,589,741
Employee Cost	17	1,293,915
Manufacturing Expenses	18	2,101,337
Selling & Administration Expenses	19	2,096,384
Depreciation and amortisation	20	839,878
Interest & Finance charges	21	<u>136,432</u>
		20,057,687
Less: Expenses capitalised		<u>511</u>
		20,057,176
Profit Before Taxation		2,634,546
Provision for taxation		
Current Tax (including Wealth Tax Rs. 2,750,000/-,		947,750
Deferred Tax (See note no. 23)		<u>46,669</u>
		994,419
Profit for the period after taxation		1,640,127
Carried over		<u>1,640,127</u>



KIRLOSKAR ENGINES INDIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 12 JANUARY 2009 TO 31 MARCH 2010

	SCHEDULE	Rs. In 000's 12 January 2009 to 31 March 2010
Brought over		1,640,127
		<u>1,640,127</u>
Less :		
Transferred to general reserve		164,013
Proposed Dividend		582,519
Tax on Proposed Dividend		96,749
		<u>843,281</u>
Balance carried to Balance Sheet		<u>796,846</u>
Earnings Per Share (Face value of Rs 2/-)		
Basic and Diluted (In Rs.) (See note no. 22)		11.26

Notes forming part of the Financial Statements

22

As per our attached report of even date.

For and on behalf of the Board of Directors.

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

ATUL C. KIRLOSKAR
Chairman & Managing Director

GAUTAM A. KULKARNI
Joint Managing Director

SHISHIR DALAL
Partner
Membership Number : 37310

SANJAY D PARANDE
Chief Financial Officer

SMITA RAICHURKAR
Assistant Company Secretary

Mumbai : 14 May 2010

Pune : 14 May 2010



KIRLOSKAR ENGINES INDIA LIMITED

Schedule Nos. 01 to 22 annexed to and forming part of the Financial Statements for the period ended 31 March 2010

**SCHEDULE 01
SHARE CAPITAL**Rs. in 000's
As at
31 March 2010**AUTHORISED**200,000,000 Equity Shares of Rs. 2 each 400,000**ISSUED & SUBSCRIBED**145,629,750 Equity Shares of Rs.2 each 291,260**CALLED UP AND PAID UP**

145,629,285 Equity Shares of Rs.2 each 291,259

SHARE CAPITAL SUSPENSE ACCOUNT

465 Equity Shares Rs. 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation as per scheme sanctioned by BIFR, are kept in abeyance.

1

Total291,260**Notes :**

- 1 The company was incorporated on January 12, 2009 with Authorised share capital of Rs. 1,000,000/- (500,000 equity share of Rs. 2 each). The entire share capital was held by Kirloskar Oil Engines Limited.
- 2 In terms of Scheme of Arrangement, between erstwhile Kirloskar Oil Engines Limited, Kirloskar Engines India Limited and their respective shareholders and creditors sanctioned by the Honourable High Court of the Judicature of Bombay which became effective from March 31, 2010, the following effects were given.
 - a) Authorised share capital is increased to Rs. 400,000,000/- (200,000,000 equity shares of Rs. 2 each).
 - b) The paid-up share capital held by erstwhile Kirloskar Oil Engines Limited stands cancelled on April 30, 2010.
 - c) 145,629,750 Equity Shares of Rs.2 each are deemed to be issued, subscribed & fully paid-up, specified for the purpose of ascertaining the entitlement, in terms of the Scheme of Arrangement, detailed in note no. 2, becoming operative from March 31, 2010 (the Effective Date), since allotted on April 30, 2010.



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 02 RESERVES AND SURPLUS

Rs. in 000's
As at
31 March 2010

General Reserve

As computed in term of the Scheme of Arrangement
as detailed in note no. 2

5,050,102

Add : Set aside this year

164,013

5,214,115

Capital Reserve

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

664,202

Hedging Reserve (See note no. 2 & 26)

(162,356)

Surplus as per annexed profit and loss account

796,846

Total

6,512,807



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 03 SECURED LOANS

Rs. in 000's
As at
31 March 2010

Foreign currency Term Loan from HSBC Bank plc, London (See note no. 7A(2))	341,219
Foreign currency Term Loan from BNP PARIBAS, Singapore (See note no. 7A(3))	1,496,793
Foreign currency Term Loan from ICICI Bank Limited, Hongkong (See note no. 7A(4))	637,055
Foreign currency Term Loan from ICICI Bank Limited, Hongkong (See note no. 7A(5))	183,077
Working Capital Loans from banks (See note no. 7B)	
Packing Credit - Foreign Currency	37,489
Total	<u>2,695,633</u>



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 04 UNSECURED LOANS

Rs. in 000's
As at
31 March 2010

Fixed deposits	
From Public	425
From Shareholders	11
Total	<u>436</u>



Fixed Assets	Tangible Assets							Intangible Assets		Total (A+B)
	Land Freehold	Land Leasehold	Buildings	Plant & Machinery Including Computers	Electrical Installation	Furniture & Fixture	Vehicles & Aircraft	Total (A)	Total (B)	
Gross Block										
* As At 1 April 2009	11	124,982	715,848	7,773,106	187,110	139,333	303,043	9,243,433	246,780	9,490,223
Additions	-	-	15,246	185,335	14,532	9,377	5,167	229,857	14,050	243,707
Deductions & Adjustments	-	1,350	-	55,295	4,808	15,491	4,363	81,407	-	81,407
As At 31 Mar 2010	11	123,632	731,094	7,903,146	196,734	133,219	303,847	9,391,683	260,840	9,652,523
Depreciation										
* As At 1 April 2009	-	-	54,745	2,732,848	59,666	85,274	148,565	3,081,098	180,210	3,261,306
Deductions & Adjustments For The Period	-	-	-	50,521	4,522	14,882	3,857	73,782	-	73,782
As At 31 Mar 2010	-	-	21,127	728,281	18,370	15,883	33,583	817,244	21,284	838,528
Net Block										
As At 31 Mar 2010	11	123,632	655,222	4,492,540	123,220	46,944	125,556	5,567,125	59,346	5,626,471
* As At 1 April 2009	11	124,982	661,102	5,040,260	127,444	54,059	134,478	6,162,336	66,580	6,228,917

Notes :

- Gross block is at Cost except leasehold land which is net of amount written off.
- For Depreciation and amortisation refer accounting policy (Note 1.1.4).
- Additions include exchange difference gain of Rs.243,517,627/- (Refer Note No.17)
- For details of Intangible Assets (Refer Note No.24)
- Refer Note no.2 A
- The schedule 5 of Fixed Assets includes assets at Research & Development facility, the details of which are as under.

FIXED ASSETS - RESEARCH AND DEVELOPMENT FACILITY

Fixed Assets	Tangible Assets							Intangible Assets		Total (A+B)
	Land Freehold	Land Leasehold	Buildings	Plant & Machinery Including Computers	Electrical Installation	Furniture & Fixture	Vehicles & Aircraft	Total (A)	Total (B)	
Gross Block										
* As At 1 April 2009	-	-	-	159,194	445	5,258	-	164,897	138,861	303,758
Additions	-	-	-	28,551	-	175	-	29,726	1,000	30,726
Deductions & Adjustments	-	-	-	-	-	-	-	-	-	-
As At 31 Mar 2010	-	-	-	188,745	445	5,433	-	194,623	139,861	334,484
Depreciation										
* As At 1 April 2009	-	-	-	72,304	164	2,245	-	74,713	130,034	204,747
Deductions & Adjustments For The Period	-	-	-	17,459	39	424	-	17,922	5,125	23,047
As At 31 Mar 2010	-	-	-	89,763	203	2,669	-	92,635	135,159	227,794
Net Block										
As At 31 Mar 2010	-	-	-	98,982	242	2,765	-	101,988	4,702	106,690
As At 1 April 2009	-	-	-	86,890	281	3,013	-	90,184	8,828	99,011

KIRLOSKAR ENGINES INDIA LIMITED
SCHEDULE 6

INVESTMENTS (At cost unless otherwise stated)

	Face Value Per unit	As at 31 March, 2010	
		Nos	Rs ('000)
LONG TERM INVESTMENTS :			
I TRADE			
UNQUOTED			
Kirloskar Proprietary Limited	100	1	-
CURRENT INVESTMENTS			
MUTUAL FUNDS			
UNQUOTED			
A DIVIDEND SCHEME - LIQUID			
Birla Sun Life Savings Fund - Instl. Daily Dividend	10	124,955,324	1,250,403
HDFC Cash Management fund Savings Plan	10	70,559,505	750,499
			<u>2,000,902</u>
B GROWTH SCHEME - Liquid			
Birla Sun Life Savings Fund - Retail - Growth	10	598	10
HDFC Cash Management Fund - Treasury Advantage Plan - retail - Growth	10	513	10
			<u>20</u>
TOTAL CURRENT INVESTMENTS			<u>2,000,922</u>
TOTAL INVESTMENTS			<u>2,000,922</u>

Notes :

1. Aggregate Carrying Cost of Unquoted Investments
2. Face value per unit in Rupees unless otherwise stated.
3. Refer Note 18 and Accounting Policy 1. 1.5

2,000,922



KIRLOSKAR ENGINES INDIA LIMITED
SCHEDULE 6 (CONTD)

INVESTMENTS (At cost unless otherwise stated)

Following Investments are purchased and sold during the period.

(Rs. in '000)

Name	No of Units	Face Value	Purchase Cost
BIRLA SUN LIFE CASH PLUS INSTL PREMIUM - DAILY DIVIDEND	2,392,837,261	10	23,975,033
Birla Sun Life Savings Fund - INSTL - Daily Dividend - Reinvestment	603,438,909	10	6,038,492
Birla Sun Life Savings Fund - Retail Growth	598	10	10
DWS INSTA CASH PLUS FUND - SUPER INSTL PLAN DAILY DIVIDEND	6,980,614	10	70,008
DWS INSTA CASH PLUS FUND - SUPER INSTL PLAN DAILY DIVIDEND	795,272,075	10	7,976,464
DWS ULTRA SHORT TERM FUND - INSTITUTIONAL DAILY DIV	361,962,651	10	3,626,106
DWS INSTA CASH PLUS FUND - SUPER INSTL PLAN GROWTH	8,646,555	10	100,000
DWS TREASURY FUND - INSTITUTIONAL PLAN DAILY DIVIDEND	10,006,454	10	100,065
DWS ULTRA SHORT TERM FUND - REGULAR GRWOTH PLAN	684	10	10
HDFC CASH MANAGEMENT FUND - SAVINGS PLAN - DAILY DIVIDEND-REINVESTM	485,415,413	10	5,163,072
HDFC FLOATING RATE INCOME FUND - SHORT TERM PLAN - WHOLESALE OPTION	15,444,287	10	155,692
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend O	161,787,743	10	1,622,974
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Grwoth	513	10	10
ICICI PRUDENTIAL INSTITUTIONAL LIQUID PLAN - SUPER INSTITUTIONAL DAILY DI	72,036,018	100	720,462
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM DAILY DIVIDEND	68,461,936	100	723,882
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM DAILY DIVIDEND	9,189,023	100	971,696
ICICI PRUDENTIAL LIQUID SUPER INSTITUTIONAL PLAN DAILY DIVIDEND	11,498,444	100	1,150,099
KOTAK LIQUID (INSTITUTIONAL PREMIUM) - DAILY DIVIDEND	159,169,943	10	1,946,346
KOTAK FLEXI DEBT SCHEME INSTITUTIONAL - DAILY DIVIDEND	30,052,874	10	301,956
KOTAK FLOATER LONG TERM - DAILY DIVIDEND	87,859,377	10	885,605
KOTAK FLOATER LONG TERM - GRWOTH	703	10	10
RELIANCE LIQUIDITY FUND - DAILY DIVIDEND REINVESTMENT OPTION	103,525,810	10	1,035,579
RELIANCE MONEY MANAGER FUND-INSTITUTIONAL OPTION-DAILY DIVIDEND PLA	380,527	1,000	380,959
Religare Liquid Fund - Super Institutional Daily Dividend	11,508,234	10	115,156
TATA Liquid Super High Investment Fund - Daily Dividend	89,767	1,000	100,048
UTI Liquid Cash Plan INSTL - Daily Income Option - Re-investment	246,064	1,000	250,849
UTI Treasury Advantage Fund - INSTL Plan (Daily Div Option)	150,788	1,000	150,820



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 07 INVENTORIES

Rs. in 000's
As at
31 March 2010

*Stores and spares, at cost	94,018
*Stock-in-trade	
Raw materials [including components], at cost	859,866
Unserviceable and obsolete raw materials, at estimated realisable value	1,846
Work-in-process, at cost	189,281
Finished goods, at lower of cost or market value	185,731
	<u>1,236,724</u>
 * Materials in transit, cost to date	 72,219
 Total	 <u><u>1,402,961</u></u>

* as certified by the Chairman & Managing Director



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 08

SUNDRY DEBTORS, UNSECURED

Rs. in 000's

As at

March 31, 2010

(a) Outstanding for a period exceeding six months

Good

56,633

Doubtful

203,564

Less: provision

203,564

-
56,633

(b) Others: good

3,797,730

Total

3,854,363



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 09

CASH AND BANK BALANCES

Rs. In 000's

As at

31 March 2010

Cash on hand	562
Bank Balances :	
With Scheduled Banks	
In current account	623,315
In fixed deposits	12,675
	<hr/> 635,990
With Non-Scheduled Banks :	
In current account	
The HSBC Limited, Singapore *	1
(Maximum balance outstanding during the year Rs 283,058/-)	
	<hr/> 635,991
Total	<hr/> 636,553 <hr/>

* Unutilised ECB Loan balance kept in Current Account of The HSBC Limited, Singapore.



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 10 OTHER CURRENT ASSETS

Rs. in 000's
As at
31 March 2010

Income receivable	11,987.
Subsidy receivable for setting up of new Industrial Unit (See note no. 3)	694,634
Export Incentive Receivable	34,712
Total	<u>741,333</u>



KIRLOSKAR ENGINES INDIA LIMITED**SCHEDULE 11****LOANS AND ADVANCES**

(unsecured, good unless otherwise stated)

Rs.in 000's

As at

31 March 2010

Advances recoverable in cash or in kind
or for value to be received:

Good *	432,125
Doubtful	4,762
Less: provision	4,762
	<u>-</u>
	432,125

Sales Tax / VAT Receivable (net)	110,438
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Sundry deposits	74,065
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Balance with Collectorate of Central Excise and Customs	113,553
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Tax paid in advance	4,386,722
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Less Provision for Tax Per Contra	3,947,672
	<u>439,050</u>

Total	<u>1,169,231</u>
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* includes loans taken by Whole Time Director prior to appointment as director Rs. 61,227/-
(Maximum balance outstanding during the year Rs.154,263 /-)



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 12 LIABILITIES

Rs.in 000's
As at
31 March 2010

Acceptances	743,174
Sundry creditors	
Due to Micro & Small Enterprises	43,382
(See note no. 15)	
Others	3,130,079
	<u>3,173,461</u>
Sundry deposits	119,568
Derivative Liability (See note no. 26)	162,356
Advance from customers	138,001
Interest accrued but not due on loans	8,844
Total	<u><u>4,345,404</u></u>



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 13 PROVISIONS

Rs. in 000's
As at
31 March 2010

Provision for compensated absences (See note no. 19)	298,070
Provision for Pension & other Retirement Benefits (See note no. 19)	92,595
Provision for warranty claims (See note no. 25)	317,087
Provision for taxation	3,947,672
Less : Tax paid in advance Per Contra	<u>3,947,672</u>
	-
Proposed Dividend	582,519
Provision for tax on Dividend	96,749
	<u> </u>
Total	<u><u>1,387,020</u></u>



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 14

OPERATING INCOME

Rs.in 000's
12 January 2009 to
31 March 2010

Job work receipts	4
Sale of scrap (Net of excise duty)	132,962
Sundry sales	513
Cash Discount received	19,442
Export Incentives	43,138
Rent	175
Commission received	64,259
Refund of Sales tax, Octroi etc	555
Surplus on sale of assets	1,501
Sundry credit balances appropriated	8,989
Provisions no longer required written back	121,511
Miscellaneous receipts	31,335
Total	424,384



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 15

FINANCIAL INCOME

Rs. in 000's
12 January 2009 to
31 March 2010

Dividend	
From Other Investments	77,597
Interest	
Others (gross, Tax Deducted at Source Rs. 614,614/-)	4,165
Profit on Sale of Mutual Fund investments (net)	527
Total	<u>82,289</u>



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 16

MATERIALS CONSUMED

Rs. in 000's
12 January 2009 to
31 March 2010

[a] Raw materials and components consumed	
* Stocks on 01 April 2009	748,408
Less : Value of obsolete and non-moving material written-down (Net of realisable value)	91,335
Add: purchases	11,872,042
	<u>12,529,115</u>
 Less: stocks at close	 861,712
	<u>11,667,403</u>
 [b] Finished goods purchases for resale	 1,526,162
 [c] Increase/(Decrease) in Excise duty of Finished Goods	 133
 [d] Freight, octroi and entry tax	 347,464
 [e] Write-down of absolute & non-moving material	 91,335
 [f] (Increase)/decrease in stocks	
Stocks at close:	
Work-in-process (including finished components)	189,281
Finished goods	185,731
	<u>375,012</u>
* Less: Stocks on 01 April 2009	
Work-in-process (including finished components)	137,969
Finished goods	194,287
	<u>332,256</u>
	<u>(42,756)</u>
 Total	 <u><u>13,589,741</u></u>

* Refer note no. 2



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 17

EMPLOYEE COST

Rs. in 000's
12 January 2009 to
31 March 2010

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

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



KIRLOSKAR ENGINES INDIA LIMITED

SCHEDULE 18

MANUFACTURING EXPENSES

Rs. in 000's
12 January 2009 to
31 March 2010

Stores Consumed	726,404
Power, fuel and water	227,772
Machinery spares	86,306
Machinery repairs	52,086
Job Work Charges	246,657
Labour charges	44,631
Cost of Services	673,779
Others	43,702

Total

2,101,337



SCHEDULE 19

SELLING & ADMINISTRATION EXPENSES

Rs. in 000's
12 January 2009 to
31 March 2010

SELLING EXPENSES

Commission	116,827
Freight and forwarding	343,583
Sales warranty claims	278,252
Royalty, technical and license fees etc.	98,352
Advertisement and publicity	96,530
Others	58,378
	<u>991,922</u>

ADMINISTRATION EXPENSES

Rent	234,047
Rates and taxes	2,620
Insurance	8,279
Building repairs	38,056
Other repairs and maintenance	175,373
Travelling and conveyance	137,189
Communication expenses	31,536
Printing and stationery	27,587
Legal & Professional fees	78,654
Auditors' remuneration	3,859
Donations	
- Pune City District Congress (Political Party)	250
- Others	21,496
	<u>21,746</u>
Demerger expenses	87,364
Miscellaneous expenses	192,447
Loss on assets sold, demolished, discarded and scrapped	6,914
Provision for doubtful debts and advances (net)	31,303
Bad debts and irrecoverable balances written off (net)	27,488
	<u>1,104,462</u>
Total	<u><u>2,096,384</u></u>



KIRLOSKAR ENGINES INDIA LIMITED**SCHEDULE 20****DEPRECIATION AND AMORTISATION**

Rs. in 000's

12 January 2009 to

31 March 2010

Depreciation	838,528
Amount written off against leasehold land	1,350
Total	839,878

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

On fixed loans	50,221
Others	49,331
	<u>99,552</u>

FINANCE CHARGES

Cash discount	12,964
Discounting charges	487
Bank charges, commission etc.	23,429
	<u>36,880</u>

Total	136,432
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SCHEDULE '22'

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31 MARCH 2010

1. Significant Accounting Policies**1.1 Basis of preparation of Financial Statements**

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

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

1.2 Use of Estimates

Estimates and Assumptions used in the preparation of the financial statements are based on management's evaluation of the relevant facts and circumstances as of date of the Financial Statements, which may differ from the actual results at a subsequent date.

1.3 Fixed Assets

- a. Fixed assets, except leasehold land, are stated at cost of acquisition or construction less accumulated depreciation. Cost includes the purchase price and all other attributable costs incurred for bringing the asset to its working condition for intended use. Leasehold land is valued at cost less amount written off.

- b. Expenditure on New Projects and Expenditure during Construction :

In case of new projects, expenditure incurred including interest on borrowings and financing costs of specific loans, prior to commencement of commercial production is being capitalized to the cost of assets.

- c. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and cost of fixed assets that are not yet ready for their intended use at the balance sheet date.
- d. Intangible assets are recorded at the consideration paid for acquisition.
- e. Exchange Differences - see 1.7 (c) below.

1.4 Depreciation and Amortisation

- a. Freehold land is not depreciated.
- b. Leasehold land is amortised over the period of lease.
- c. Depreciation on Electrical Installation and Aircraft has been provided on written down value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 from the beginning of the month in which addition is made.
- d. Depreciation on assets other than Electrical Installation and Aircraft has been provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 from the beginning of the month in which addition is made. Depreciation on additions to computers, printers, scanners, Jigs and Fixtures, Dies and Patterns, Furniture and Fixture, Vehicles etc has been provided over the estimated economic life of respective assets or at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.



- e. Jigs and Fixtures, Dies and Patterns costing below Rs 1 lac and other fixed assets costing below Rs 5,000/- are charged to revenue in the year of acquisition.
- f. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its intended use.
- g. Depreciation on additions on account of increase in rupee value due to foreign exchange fluctuations is being provided at the rates of depreciation over the future life of the said asset.
- h. Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on prorata basis upto the end of the previous month during which such assets are sold, discarded or demolished.

1.5 Investments

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

1.6 Inventories

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

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

1.7 Foreign Currency Transactions

- a. Initial Recognition

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

- b. Conversion

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

- c. Exchange Differences

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



d. Forward Contracts

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

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

e. Option Contracts

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

Outstanding foreign exchange option contracts on the date of Balance Sheet are marked to market (MTM). MTM losses, if any, at portfolio level viz. imports, exports and foreign currency loans are provided.

1.8 Employee Benefits

a. Short Term Employee Benefits:

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

b. Post Employment Benefits:

i. Defined Contribution Plans:

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

ii. Defined Benefit Plans :

The employee's gratuity fund scheme, long term compensated absences, pension, post retirement medical and long term service award benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

iii. Termination Benefits:

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



1.9 Warranty

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

1.10 Research and Development

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

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

1.11 Revenue Recognition

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

1.12 Government Grant

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

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

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

Government grants or subsidies relating to an expense item, is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate

1.13 Borrowing Cost

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

1.14 Income Tax

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



Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for, at prevailing or substantially enacted rate of tax to the extent timing differences are expected to crystallise, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which deferred tax assets can be realised.

1.15 Earning Per Share

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

1.16 Cash Flow Statement

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

1.17 Segment Reporting

a. Identification of Segments

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

b. Intersegment Transfers

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

c. Allocation of common costs

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

d. Unallocated items

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

1.18 Impairment of Assets

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

1.19 Provisions

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



2. The Company was incorporated on 12 January 2009 with an object of taking over of the carrying on the business of manufacturing, trading and / or dealing in engines, engine spares, pumps, generating sets and oils used therein, bimetal bearings, bushes and bimetal strips (referred to as "the Engines and Auto Components Business" or "the Demerged Undertaking").

Under a Scheme of Arrangement sanctioned by the High Court of the Judicature of Bombay, under 391 to 394 of the Companies Act, 1956 between the Company and the erstwhile Kirloskar Oil Engines Limited and their respective shareholders and creditors, the Demerged Undertaking of the erstwhile Kirloskar Oil Engines Limited (name of which is now changed to Kirloskar Industries Limited) vested with the Company retrospectively with effect from 1 April 2009 ("the Appointed Date").

The Demerged Undertaking comprises of the business of manufacturing, trading and / or dealing in engines, engine spares, pumps, generating sets and oils used therein, bimetal bearings, bushes and bimetal strips and comprises of all the assets (whether moveable or immovable, tangible or intangible, real or personal, present, future or contingent) and liabilities, which relate thereto or are necessary therefore, including the items specifically set out in detail in the Scheme of Arrangement.

The said scheme became effective from 31 March 2010 (the "Effective Date") upon which,

- a. The Company's application for change in name to Kirloskar Oil Engines Limited is pending with Registrar of Companies, Pune, Maharashtra.
 - b. The business and operations of the demerged undertaking were deemed to be vested with the Company with retrospective effect from 1 April 2009. Consequently,
 - I. The related assets and liabilities of the Demerged Undertaking, including those specifically identified in the scheme, at the close of business on 31 March 2009 were deemed to have been transferred to the Company on 1 April 2009.
 - II. The business of the Demerged Undertaking was deemed to have been carried out by the erstwhile Kirloskar Oil Engines Limited, in trust for the Company upto the effective date.
 - c. The said transfer and vesting of the business and the assets of the undertaking was deemed to be on a going concern basis.
 - d. The accounting treatment of assets and liabilities is to be effected, as specified in Part V of the Scheme.
 - e. The original share capital of the Company stands cancelled. Formalities for issuance and allotment of fresh share capital have been completed on 30 April 2010 and all effects for the same have been given in the balance sheet.
- (A) Accordingly, the broad details of the assets and liabilities transferred and vested with the Company as at 1 April 2009 are as follows:

Particulars	Rs. In 000's	Rs. In 000's
ASSETS:		
Fixed Assets		
Gross Block	9,490,223	
Accumulated Depreciation	3,261,306	
Net Block	6,228,917	
Capital work in progress, including capital advances	181,376	



Total Fixed Assets		6,410,293
Investments		1,000
Current Assets, Loans and Advances		
[a] Inventories	1,238,798	
[b] Sundry debtors	2,921,051	
[c] Cash and bank balances	777,735	
[d] Other current assets	212,106	
[e] Loans and advances	1,644,802	
	6,794,492	
Current liabilities and provisions		
[a] Liabilities	3,919,908	
[b] Provisions	694,901	
	4,614,809	
Net Current Assets		2,179,683
Total Assets		8,590,976
Loans:		
[a] Secured loans	3,489,391	
[b] Unsecured loans	460	
	3,489,851	
Deferred Tax Liability (Net):		
[a] Deferred tax liability	525,902	
[b] Deferred tax asset	285,314	
	240,588	
		3,730,439
Hedging Reserve - Debit Balance		480,825
Excess of assets taken over liabilities :		5,341,362
Represented by :		
Equity Share capital to be allotted to the shareholders of erstwhile Kirloskar Oil Engines Limited		291,260
General Reserve		5,050,102
Excess of assets taken over liabilities :		5,341,362

- B. As the scheme became effective only on 31 March 2010, the titles to the assets vested and arising out of business conducted, could not, where necessary be transferred as at 31 March 2010. Hence, the same are being held, in trust, by erstwhile Kirloskar Oil Engines Limited (Demerged Company).



3. The Company's manufacturing facility at Kagal has been granted "Mega Project Status" by Government of Maharashtra and therefore is eligible for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2001. IPS consists of the following :
- Electricity Duty exemption for the period of 9 years from the date of commencement of the project i.e. 1 April 2008, and
 - 100% exemption from payment of Stamp duty for the plots already purchased and to be purchased, and
 - VAT and CST payable to the State Government (before adjustment of Set-off) on sales made from Kagal plant, within a period of 9 years starting from 1 April 2008 to 31 March 2017.

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

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

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

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

Therefore incentive of Rs 664,201,914/- accrued for the year has been credited to the Capital Reserve and outstanding balance as at 31 March 2010 shown as Subsidy Receivable for setting up of new Industrial Unit is Rs 694,633,779/- (including Rs 145,993,214/- transferred and vested in the Company as per the scheme of arrangement).

	Rs in 000's
	As at 31 March 2010
4 Contingent Liabilities not provided for	
(a) Disputed Central Excise demands	13,166
(b) Disputed Sales Tax & Octroi demands	65,897
(c) Disputed Custom Duty demands	10,799
(d) Disputed Income Tax liability – matter under appeal	143,321
(e) Claims against the Company not acknowledged as debts	739,689
(f) Guarantees given on behalf of third parties	152
	973,024
	=====
5. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	109,948



6. Charge of hypothecation referred in Note No 7(B) for working capital facilities extends to letters of credit issued and guarantees given by the Company's bankers

Aggregate value of such letters of credit outstanding

454,998

Aggregate value of such guarantees outstanding

1,152,747

7. Security

A. Term Loans

1. Term Loan of INR 300 Million availed from HDFC Bank Limited was prepaid 31 August 2009. It was secured by hypothecation by way of first charge of Specific movable Plant and Machinery. The Charge is satisfied during the period.
2. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 1,417.40 Million (USD 12 Million) i.e. INR 526 Million availed from HSBC Bank plc, London [balance outstanding as at 31 March 2010: Rs. 341,219,141/-]. This loan is to be repaid in eight six-monthly equal installment starting from 2 June 2008. Accordingly two installments of JPY 177.17 Million of each i.e. Rs. 84,836,092/- were repaid on 2 June 2009 and Rs. 85,674,728/- on 1 December 2009 respectively
3. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 3,420.15 Million (USD 30 Million) i.e. INR 1,245 Million availed from BNP PARIBAS, Singapore [balance outstanding as at 31 March 2010: Rs. 1,496,792,974/-]. This loan is to be repaid in five six-monthly installments starting from 2 March 2012.
4. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 2336.32 Million i.e. INR 797 Million availed from ICICI Bank Limited, Hongkong [balance outstanding as at 31 March 2010: Rs. 637,054,965/-]. This loan is to be repaid in eight six-monthly equal installments starting from 31 October 2008. Accordingly two installment of JPY 292.04 Million i.e. Rs. 149,227,755/- was repaid on 30 April 2009 and JPY 292.04 Million i.e. Rs. 150,546,620/- was repaid on 31 October 2009.
5. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 405.28 Million i.e. INR 133 Million availed from ICICI Bank Limited, Hongkong [balance outstanding as at 31 March 2010: Rs. 183,077,382/-]. This is to be repaid in a single tranche on 20 June 2012.

The Security Trustee Agreement entered into between Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited) and The Hongkong and Shanghai Banking Corporation Limited, Mumbai (HSBC) on 30 April 2008 has been transferred pursuant to the Scheme of Arrangement to the Company and resultantly the security by way of hypothecation (First Charge) on all movable plant and machinery both present and future, located at Khadki, Pune (except Auto Components Division), Nasik, Kagal and Rajkot in favour of HSBC Bank, the Security Trustee upto Rs. 7,500,000,000/- has been transferred to the Company.

B. Working Capital

In respect of the working capital facilities sanctioned by the consortium of banks (SBI Consortium) comprising of State Bank of India, Mumbai (Lead Bank), Bank of Maharashtra, Pune, ICICI Bank Limited, Pune, HDFC Bank Limited, Pune and The Hongkong and Shanghai Corporation Limited, Pune, the first charge by way of hypothecation on the whole of the current assets of the Company (other than its Bearing Division) both present and future for Rs. 350 Crores and also the second charge on the whole of the movable fixed assets of the Company (other than its Bearing Division) both present and future for Rs. 100 Crores in favour of SBI Consortium as security for fund based working capital facilities have also been transferred to the Company pursuant to the said Scheme.

The Company is under process of completion of formalities with respect to transfer of charges in respect of Terms Loans and Working Capital facilities with Registrar of Companies, Pune, Maharashtra.



8. Payments to Auditors: (Net of Service Tax)

Rs in 000's

Particulars	12 January 2009 to 31 March 2010
Statutory Auditors (A)	
a) As Auditors	2,600
b) In other capacity:	
For Tax Audit	400
For Certificates	198
For expenses	136
Total	3,334
Cost Auditors (B)	
a) As Auditors:	500
b) In other capacity:	
For expenses	25
Total	525
Grand Total (A + B)	3,859



9. Details of Raw Materials Consumption :**(I) Raw materials and components consumed:**

Particulars	Unit	12 January 2009 to 31 March 2010	
		Quantity	Rs In 000's
a) Steel and Steel strips	MT	3,301	86,160
b) Non-ferrous metals	MT	1,409	199,505
c) Components			11,381,130
e) Others		—	608
Total			11,667,403

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

Particulars	12 January 2009 to 31 March 2010	
	Rs in 000's	%
a) Imported	1,592,593	13.65
b) Indigenous	10,074,810	86.35
Total	11,667,403	100.00



10. Details of purchase of Trading Goods:

Particulars		12 January 2009 to 31 March 2010	
		Quantity	Rs in 000's
a) Engines and Gensets	Nos	3,476	814,537
b) K-Oil	Ltrs	817,075	711,625
Total			1,526,162



11. C.I.F. value of Imports, Expenditure and Earnings in Foreign Currencies:

Particulars	Rs in 000's 12 January 2009 to 31 March 2010
(A) C.I.F. value of Imports:	
(i) Raw materials (including components, material in transit, Material in bonded warehouse)	1,597,278
(ii) Capital goods	82,763
Total	1,680,041 =====
(B) Expenditure in Foreign Currencies:	
(i) Interest	53,681
(ii) Travelling	15,949
(iii) Commission on Exports	53,226
(iv) Advertisement & Publicity	17,011
(v) Legal & Professional Fees	1,444
(vi) Royalty	36,525
(vii) Research & Development Expenditure	1,294
(viii) At Foreign Branch	6,949
(ix) Others	21,425
Total	207,504 =====
(C) Earnings in Foreign Currencies:	
(i) F.O.B. value of Exports	1,075,675
(ii) Other matters	22,171
Total	1,097,846 =====
(D) Exchange (gains)/Losses on account of fluctuations in Foreign Currency rates recognized in the Profit & Loss account and included in	
Miscellaneous Expenses	77,645



12. Foreign Exchange Derivatives and Exposures not hedged at close of the period:**(A) Foreign Exchange Derivatives**

Rs in 000's

Nature of Instrument	Currency	Sale / Purchase	As at 31 March 2010
Forward Contracts	USD	Purchase	2,250
	EUR	Purchase	1,113
Option Contracts	USD	Purchase	51,340
	USD	Sale	34,000
	EUR	Purchase	500
	JPY	Purchase	5,973,798

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

(B) Exposure not hedged

Rs in 000's

Nature of Instrument	Currency	As at 31 March 2010
Receivable	EUR	147
Payable	USD	1,419
	EUR	1,788
	JPY	2,632
	GBP	15
Loan	USD	8,361
	JPY	20,532



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

A) Licensed and Installed capacity and production

Sr No	Class of Goods	Unit	12 January 2009 to 31 March 2010		
			Licensed Capacity	Installed Capacity (b)	Production meant for Sale
1	Engines between 2.5 HP to 740 HP (a)	Nos.	662,100	196,694 (j)	196,694 (j)
2	Engines above 2400 HP to 10000 HP (a)	Nos.	26	8	8
3	Generating Sets between 5 KVA to 600 KVA (a)	Nos.	83,800	7,907	7,907
4	Generating Sets between 1.6 MW to 4.4 MW(a)	Nos.	14	5	5
5	Bimetal Bearings & Engine Valves (a) , (h) and (i)	Nos. (000's)	105,650	46,047	46,047
6	Bimetal Strips - (a) and (c)	MT	11,981	3,599	3,599
7	Pump Sets (a)	Nos.	210,000	-	-
8	R Type Engines (d)	Nos.	8,000	8,000	-
9	Air Compressors up to 1000 cfm	Nos.	500	500	-
10	Diesel /Electric compressors 30 to 2500 cfm	Nos.	500	500	-
11	Garage compressors above 5 HP and parts	Nos.	250	250	-
12	Air receiver, inter coolers, heat exchangers and parts thereof	Nos.	500	500	-
13	Car lifts, washers and lubricants equipments	Nos.	300	300	-
14	Aluminium Castings	MT	NA	300	-
15	Agricultural Implements	MT	200	200	-
16	Self Priming Pumps	Nos.	3,500	3,500	-
17	Crankshaft	Nos.	43,500 (e)	-	-
18	Camshafts	Nos.	49,500 (e)	-	-



- a Licensed capacity is given on the basis of IEM (Industrial Entrepreneurs Memorandum) received by the Company till FY 2009-10.
- b Most of the plant and machinery being common for different products manufactured by the company and installed capacity being dependent on product mix, which in turn is decided by the actual demand for various products from time to time and also on availing of subcontracting facilities, it is not feasible for the Company to indicate the exact installed capacity. The Company has, however, indicated the installed capacity on the basis of year's Product mix as certified by the Technical Personnel and accepted by Auditors, as correct, being technical matter.
- c Includes 3,530 MT for internal consumption.
- d Unit closed.
- e The Company has obtained Letter of intent (ref : LI 1194/SIA/IMO/2010 dated 05.04.2010) issued by Ministry of Industry, New Delhi to manufacture camshafts and crankshafts
- f The company also holds permission to manufacture at its Ahmednagar plant, Gas Turbine up to 20 MW capacity including packaging of various applications.
- g The Company has filed Memorandum under Liberalized License Scheme to manufacture the following items:
1) Control Panels 2) Steam Turbine Generating sets 3) Steam Turbines 4) Canopies for Gensets
- h Production quantity represents number of components "meant for sale only" and includes components produced and kept on hold due to technical reason in earlier years and released after inspection which being a technical matter, is certified by technical personnel and accepted by auditors as correct.
- i Includes 4,203 Nos (000's) for internal consumption.
- j Includes 2,235 Nos for internal consumption.



(B) Stocks and Turnover :

Sr No	Class of Goods	12 January 2009 to 31 March 2010						
		As at 1 April 2009 *		Closing Stock		Turnover		** Others
		Nos	Rs. in '000	Nos	Rs in '000	Nos	Rs in '000	Nos
1	Engines between 2.5 HP to 740 HP	2,551	63,602	5,851	110,527	190,173	12,576,969	3,221
2	Engines above 2400 HP to 10000 HP	-	-	-	-	8	613,653	-
3	Generating Sets between 5 KVA to 600 KVA	138	11,139	95	8,519	7,649	1,624,943	301
4	Generating Sets between 1.6 MW to 4.4 MW	-	-	-	-	5	770,160	-
5	Bimetal Bearings and engines Valves (in '000)	2,369	38,266	1,619	21,572	46,047	1,051,414	750 **
6	Bimetal Strips (MT)	4	459	1	470	71	14,284	-
7	Goods Traded - Engines and Gensets	471	40,383	78	7,406	3,869	848,085	-
8	Goods Traded - K-oil (Liters)	14,957	13,441	10,689	10,676	821,343	1,042,835	-
9	Others	-	26,997	-	26,561	-	3,642,706	-
	Total		194,287		185,731		22,185,049	

* Refer Note No 2.

** includes free replacement, samples, scrap, shortages, internal consumption etc.



14. Managerial Remuneration:**(a) Commission payable to Managing Director, Joint Managing Director, Whole Time Directors and other Directors:**

		Rs in 000's
Computation of Net Profit and Directors' Commission		12 January 2009 to 31 March 2010
Profit for the year		1,640,127
Add:		
Provision for taxation (including Wealth tax)	994,419	
Directors' remuneration	116,458	
Provision for doubtful debts & advances etc. (Net)	31,303	
		1,142,180
Less:		
Profit on sale of Mutual Fund Investments (Net)	527	
Provision no longer required written back	121,511	
		122,038
Profit for the purpose of Managerial Remuneration and Directors' Commission under Section 349 of the Companies Act, 1956		2,660,269
Managing Director, Joint Managing Director and Whole Time Directors' Remuneration @10%		266,027
Restricted to		92,788
Non Whole time Directors' Commission @1%		26,603
Restricted to		23,670

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

		Rs in 000's
Particulars		12 January 2009 to 31 March 2010
Salary		15,808
Contributions to:		
Provident Fund		1,897
Superannuation Fund		2,371
Gratuity		188
Leave Travel Assistance		580
Leave Encashment		1,849
Commission		65,000
Perquisites		5,095
		92,788
Estimated value of other benefits		933
Total		93,722



- i) Upto 30 March 2010, the executive Directors of erstwhile Kirloskar Oil Engines Limited viz Gautam A. Kulkarni, Rahul C. Kirloskar and R. R. Deshpande have performed their functions in executive capacity, predominantly for the business of Demerged undertaking (i.e. Engines & Auto Components Business). Consequently, in terms of the scheme referred in Note No 2, they have been transferred, along with the other employees of the Demerged Undertaking, to the company on effective date i.e. 31 March 2010, retrospectively from the appointed date i.e. 1 April 2009. Hence the remuneration paid to them during the period in which business was conducted in trust by erstwhile Kirloskar Oil Engines Limited for the company, has been considered as expense and accordingly shown in the above table.
- ii) The Chairman & Managing Director - Atul C. Kirloskar was appointed w.e.f. effective date i.e. 31 March 2010. His appointment and remuneration is subject to approval of members at the Annual General Meeting.
15. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act) as at 31 March 2010. The disclosure pursuant to the said Act is as under.

Particulars	Rs in 000's
	12 January 2009 to 31 March 2010
Principal Amount due to suppliers under MSMED Act, beyond the appointed day	--
Interest accrued and due to suppliers under MSMED Act, on the above amount	--
Payment made to suppliers (other than interest) beyond the appointed day, during the period	16,752
Interest paid to suppliers under MSMED Act (Other than section 16)	--
Interest paid to suppliers under MSMED Act (Section 16)	--
Interest due and payable to suppliers under MSMED Act, for the payments already made	46
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	976

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

16. Research and Development Expenditure:

Particulars	Rs in 000's
	12 January 2009 to 31 March 2010
Revenue Expenditure	179,896
Capital Expenditure	30,726
Total	210,622 =====



Research & Development Expenditure eligible for deduction u/s 35(2AB) of Income Tax Act, 1961:

		Rs In 000's
No.	Particulars	12 January 2009 to 31 March 2010
A	Revenue Expenditure	
	Manufacturing Expenses :	
	Raw Material, Stores, Spares & Tools Consumed	43,511
	Machinery Repairs	3,936
	Payments to & Provision for Employees :	
	Salaries, Wages, Bonus, Allowances, etc.	26,868
	Contribution to Provident & Other Funds & Schemes	1,412
	Other Benefits	44
	Other Expenses :	
	Legal & Professional Charges	12,698
	Membership Fees	50
	EDP Expenses	2,039
	Power Charges	1,515
	Travelling and Conveyance Expenses	4,690
	Other Expense	7,613
	Total	104,376
B	Capital Expenditure	30,726
	Total Eligible Research & Development Expenditure (A+B)	135,102

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

Further, exchange difference so de-capitalized is amortised over the balance life of the asset and credit for the period is Rs 28,609,486/- included in depreciation.

As a result, profit for the period is lower by Rs 214,908,141/-.

18. In case of long term Investments made by the Company, diminution in the value of quoted investments, if any, are not considered to be of a permanent nature. However provision of estimated diminution in the value wherever considered necessary by the Management has been made in the Financial Statements.

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

a. Defined Contribution Plans:

Amount of Rs 65,233,826/- is recognised as expense and included in Schedule No 17 "Employee Cost".



b. Defined Benefit Plans:

(i) Amount Recognised in the Balance Sheet:

Rs In 000's

Particulars	As at 31 March 2010	
	Gratuity	Pension, Post Retirement Medical Scheme and Long Service Merit Benefit Scheme
a. Present value of Defined Benefit obligation		
(i) Funded	304,580	--
(ii) Unfunded	21,281	92,595
b. Fair value of Plan Assets	(359,794)	--
c. Net Liability/(Asset) recognised in the Balance Sheet	(33,933)	92,595

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

Rs in 000's

Particulars	12 January 2009 to 31 March 2010	
	Gratuity	Pension, Post Retirement Medical Scheme and Long Service Merit Benefit Scheme
a. Current Service Cost	20,324	17,255
b. Interest Cost	22,909	4,856
c. Expected return on Plan Assets	(23,225)	--
d. Actuarial Losses / (Gains)	(96,925)	(6,335)
Total included in "Employee Cost"	(76,917)	15,776

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

Rs in 000's

Particulars	12 January 2009 to 31 March 2010	
	Gratuity	Pension, Post Retirement Medical Scheme and Long Service Merit Benefit Scheme
a. Present value of Defined Benefit obligation at the beginning of the period	354,045	84,209
b. Interest cost	22,909	4,856
c. Current service cost	20,325	17,255
d. Actuarial Losses / (Gains)	(47,183)	(6,335)
e. Benefits paid	(24,236)	(7,389)
f. Present value of Defined Benefit obligation at the close of the period	325,860	92,596

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

Rs in 000's

Particulars	12 January 2009 to 31 March 2010	
	Gratuity	Pension, Post Retirement Medical Scheme and Long Service Merit Benefit Scheme
a. Fair value of Plan Assets at the beginning of the period	293,789	--
b. Add : Expected return on Plan Assets	23,225	--
c. Add / (Less) : Actuarial Losses / (Gains)	(49,742)	--
d. Add : Contributions by employer	15,472	7,389
e. Less: Benefits Paid	22,435	7,389
f. Fair value of Plan Assets at the close of the period	359,794	--



(v) Broad Categories of plan assets as a percentage of total assets as at 31 March 2010:

Particulars	As at 31 March 2010		
	Gratuity	Pension , Post Retirement Medical Scheme and Long Service Merit Benefit Scheme	
a. Government of India Securities	2%	--	
b. Corporate Bonds	1%	--	
c. Special Deposit Scheme	24%	--	
d. Insured Managed Funds	68%	--	
e. Others	5%	--	
Total	100%	--	

(vi) Actuarial Assumptions as at 31 March 2010:

Particulars	As at 31 March 2010		
	Gratuity	Pension , Post Retirement Medical Scheme and Long Service Merit Benefit Scheme	
a. Discount Rate	8.50%	6.70%	
b. Expected rate of return on Plan Assets	8.00%	--	
c. Salary Escalation rate - Management Staff	7.50%	--	

(vii) The liability for the compensated absences as defined in AS 15 (revised 2005) has been provided on actuarial basis. Para 132 of AS 15 (revised 2005) does not require any specific disclosure except where the expense resulting from compensated absences is of such size, nature of incidence that its disclosure is relevant under other accounting standard. In the opinion of the management, the expenses resulting from compensated absences is not significant and hence no disclosure is prepared under various paragraph of AS 15 (revised 2005). Unfunded liability as at 31 March 2010 is Rs 298,070,195/-.

(viii) General descriptions of Significant Defined plans:

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

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

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

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

1. Holding Company
Kirloskar Industries Limited
2. Associate Company
Kirloskar Integrated Technologies Limited (Formerly Known as Kirloskar Kisan Equipment Limited)
3. Companies controlled by Key Management Personnel
Cess Investments & Consultants Private Limited #
Navsai Investments Private Limited #
Kirloskar Consultants Limited
Achyut & Neeta Holding & Finance Private Limited
Alpak Investments Private Limited



Key Management Personnel		Relatives
Name	Designation	
Atul C. Kirloskar #	Chairman & Managing Director	Arti A. Kirloskar, Gauri A. Kirloskar, Aditi A. Kirloskar, Sanjay C. Kirloskar, Rahul C. Kirloskar, Suman C. Kirloskar
Gautam A. Kulkarni	Joint Managing Director	Jyotsna G. Kulkarni, Nihal G. Kulkarni, Ambar G. Kulkarni, Ashwini H. Parulkar, Neeta A. Kulkarni
Rahul C. Kirloskar	Whole time Director	Alpana R. Kirloskar, Aman R. Kirloskar, Alike R. Kirloskar, Atul C. Kirloskar, Sanjay C. Kirloskar, Suman C. Kirloskar
R. R. Deshpande	Whole time Director	Veena R. Deshpande, Kaustubh R. Deshpande, Saurabh R. Deshpande, D. R. Deshpande, P. R. Deshpande, R. G. Deshpande, Leela R. Deshpande

From 31 March 2010

(B) Related Party Transactions for the period 12 January 2009 to 31 March 2010:

Nature of Transaction	Holding Company	Associate Companies	Key Management Personnel	Rs in 000's
				Relatives of Key Management Personnel
Sale of goods	--	9,128,777	--	--
Reimbursement of expenses	11,205	--	--	--
Other expenses	--	--	2,415	--
Rendering of services	--	1,097	105,397	--
Rent paid	--	--	--	3,600
License Fees	192,828	--	--	--
Security Deposit	96,414	--	--	10,000
Outstanding as at 31 March 2010				
Receivables	--	1,738,653	--	--
Payables	--	--	83,003	--
Security Deposit	--	--	--	30,000

22. Earning Per Share (Basic and Diluted)

Particulars	Rs in 000's
	12 January 2009 to 31 March 2010
Profit for the period after taxation	1,640,127
Total number of equity shares at the end of the period	145,629,750
Basic and Diluted Earning Per Share	11.26

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



23. As required by Accounting Standard (AS 22) "Taxes on Income" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, the Company has recognised deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating Rs 46,669,461/- in the Profit and loss Account, the details of which are as under.

Rs In 000's				
Particulars	As at 1 April 2009 *	Arising During the year	Adjustment	Balance as at 31 March 2010
(i) Deferred Tax Liabilities				
Depreciation	525,902	(8,966)	--	516,936
(ii) Deferred Tax Assets				
a) Disallowance under section 43B of Income Tax Act	108,359	(22,749)	--	85,610
b) Provision for doubtful debts and Advances	99,514	5,738	(36,046) (Refer Note)	69,206
c) VRS compensation	10,761	(3,467)	--	7,294
d) Demerger expenses	--	23,218	--	23,218
e) Others	66,680	(58,375)	--	8,305
Total (a+b+c+d+e) [ii]	285,314	(55,635)	(36,046)	193,633
Deferred Tax Liability (Net) [i-ii]	240,588	46,669	36,046	323,303

Note : Adjusted against provision for taxation of previous year as having no impact on the Profit and Loss A/c.

* Refer Note No 2

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

Rs in 000's					
Intangible Assets	Drawings & Designs	Computer Software	Technical Know-how	Development Expenditure	Total
Gross Carrying Amount					
As at 1 April 2009 *	148,952	62,750	23,088	12,000	246,790
Additions	9,152	2,598	--	2,300	14,050
As at 31 March 2010	158,104	65,348	23,088	14,300	260,840
Amortisation					
As at 1 April 2009 *	136,472	42,193	545	1,000	180,210
For the Year	2,450	10,285	3,847	4,702	21,284
Up to 31 March 2010	138,922	52,478	4,392	5,702	201,494
Net Block					
As at 31 March 2010	19,182	12,870	18,696	8,598	59,346
As at 1 April 2009 *	12,480	20,557	22,543	11,000	66,580
a. Useful life	115 months	60 months	72 months	36 months	
b. Amortisation method	Straight Line	Straight Line	Straight Line	Straight Line	

* Refer Note No 2A

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

Rs In 000's					
Class of Provision	As at 1 April 2009 *	Provision made / Increase (Decrease) in Provision	Amounts used during the year	Amounts reversed during the year	Carrying amount as at 31 March 2010
Warranty	240,842	269,866	(142,537)	(51,084)	317,087

* Refer Note No 2



i. Nature of Obligation

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

ii. Expected Timing of resulting Outflow:

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

26. Company has outstanding currency option contracts (hedging instruments) which are bought by the company to hedge a part of its highly probable forecast export transactions. These currency option contracts are designated as cash-flow hedges in terms of Accounting Standard (AS 30) "Financial Instruments - Recognition and Measurement" prescribed by Companies (Accounting Standards) Amendment Rules, 2006. These currency option contracts are effective hedges on applying the principles of hedge accounting as set out in AS-30. As detailed in Note No 2, the debit balance in Hedging Reserve is transferred and vested with the Company. Balance in this account of Rs 162,355,976/- represents mark to market (MTM) loss (as per the computation provided by the Forex consultant) in respect of these currency option contracts as at 31 March, 2010. Actual gain or loss on exercise of these currency option contracts or any part thereof is recognised in the profit & loss account. Hedge accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for hedge accounting.

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

A. Holding Company

Kirloskar Industries Limited

B. Associate Company

Kirloskar Integrated Technologies Limited

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

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

28. The financial statements of the Company are prepared for the first time since incorporation for the extended financial year i.e. 12 January 2009 to 31 March 2010. Consequently,

- i. Statement of cash flows has not been drawn up under the Indirect Method adopted by the Company.
- ii. There are no previous years figures.



29. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.

Signatures to the Schedules 1 to 22, forming part of the Financial Statement.

As per our attached report of even date.

For and on behalf of the Board of Directors

FOR DALAL & SHAH

Firm Registration number: 102021W Charman & Managing Director
Chartered Accountants



ATUL C KIRLOSKAR

Charman & Managing Director



GAUTAM A KULKARNI

Joint Managing Director



SHISHIR DALAL

Partner

Membership Number: 37310



SANJAY D PARANDE

Chief Financial Officer



SMITA RAICHURKAR

Asst Company Secretary

Mumbai : 14 May 2010

Pune : 14 May 2010



KIRLOSKAR ENGINES INDIA LIMITED

Annexure referred to in Note No. 20 of Notes forming part of the Financial Statements
Segment reporting as required by Accounting standard 17:

		(Rs. In '000)
Particulars		Period ended 31 March 2010
1 Segment Revenue		
a Engines		21,449,403
b Others		1,303,100
Total		22,752,503
Less: Inter segment revenue		143,070
Net Sales / Income from Operations		22,609,433
2 Segment Results		
Profit (+) / Loss (-) before tax and interest from each segment		
a Engines		2,642,703
b Others		238,980
Total		2,881,683
Less:		
i Interest		136,432
ii Other Unallocable expenditure net off unallocable income		110,705
Total Profit Before Tax		2,634,546
3 Total carrying amount of segment assets		
a Engines		12,283,603
b Others		3,272,260
Total Segment assets		15,555,863
4 Total amount of segment liabilities		
a Engines		4,546,751
b Others		1,185,673
Total segment liabilities		5,732,424
5 Capital Employed (Segment assets - Segment liabilities)		
a Engines		7,736,852
b Others		2,086,587
Total capital employed in the company		9,823,439
6 Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
a Engines		207,926
b Others		35,781
Total assets acquired		243,707
7 Depreciation & Amortisation		
a Engines		773,800
b Others		66,078
Total Depreciation & Amortisation		839,878



To,
The Board of Directors,
Kirloskar Oil Engines Ltd.,
Khadki,
Pune 411 003

Dear sirs,

We have audited the accompanying balance sheet of KIRLOSKAR OIL ENGINES LIMITED ('the company ') as at September 30th, 2010 and the related statement of profit and loss and cash flows for the six months period ended September 30th, 2010 ("Interim Financial Statements") which have been drawn up solely for the purposes of the company's management only for inclusion in the information memorandum to be submitted to Securities Exchange Board of India (SEBI) / Stock Exchange and published for obtaining trading permission. The interim financial statements have been prepared by management of the Company in accordance with the Accounting Standard (AS) 25 Interim Financial Reporting prescribed by Companies (Accounting Standards) Rules , 2006.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these interim financial statements in accordance with the Accounting Standard (AS) 25 Interim Financial Reporting. This includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility in terms of our engagement letter dated 22nd November, 2010 is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

Without modifying our opinion, we draw attention to Note 1 to the interim financial statements, which describes purpose of these Interim Financial Statements and Note 24 regarding the change in the method of providing depreciation resulting into profit for the six months period being higher by Rs. 77,048,847/-

In our opinion, the interim financial statements of KIRLOSKAR OIL ENGINES LIMITED for the six months period ended September 30, 2010 are prepared fairly, in all material respects, in accordance with the Accounting Standard (AS) 25 Interim Financial Reporting as prescribed by Companies (Accounting Standards) Rules , 2006.

Restriction on Distribution and Use

The financial statements are prepared only for inclusion in the Information Memorandum for submission to Securities Exchange Board of India (SEBI) / Stock Exchange and published for obtaining trading permission. As a result, the financial statements may not be suitable for another purpose .Our report is intended solely for use of the Company for submission to SEBI / Stock Exchange of India and should not be distributed to or used by any other parties.

For Dalal & Shah

Chartered Accountants

Firm's Registration Number : 102021W



Anish Amin

Partner

Membership Number: 40451

Place : Pune

Date : 15th December, 2010

KIRLOSKAR OIL ENGINES LIMITED**BALANCE SHEET AS AT 30 SEPTEMBER 2010**

	SCHEDULE	As at 30 September 2010	Rs. in 000's As at 31 March 2010
I. SOURCES OF FUNDS			
1. Shareholders' funds			
[a] Share Capital	01	291,260	291,260
[b] Reserves and surplus	02	7,980,458	6,512,807
		<u>8,271,718</u>	<u>6,804,067</u>
2. Loan funds			
[a] Secured loans	03	2,742,073	2,695,633
[b] Unsecured loans	04	434	436
		<u>2,742,507</u>	<u>2,696,069</u>
3. Deferred Tax Adjustment			
(See note no. 19)			
[a] Deferred tax Liability		476,076	516,936
[b] Deferred tax Asset		283,774	193,633
		<u>192,302</u>	<u>323,303</u>
Total		<u><u>11,206,527</u></u>	<u><u>9,823,439</u></u>
II. APPLICATION OF FUNDS			
1. Fixed assets			
	05		
[a] Gross block		9,844,161	9,652,523
[b] Less: depreciation		<u>4,251,683</u>	<u>4,026,052</u>
[c] Net block		5,592,478	5,626,471
[d] Capital work-in-progress including Capital Advances		<u>234,476</u>	<u>124,029</u>
		5,826,954	5,750,500
2. Investments			
	06	1,886,354	2,000,922
Carried over		<u>7,713,308</u>	<u>7,751,422</u>



KIRLOSKAR OIL ENGINES LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2010

		As at 30 September 2010	Rs. in 000's As at 31 March 2010
II APPLICATION OF FUNDS [Contd.]			
Brought over		7,713,308	7,751,422
3. Current assets, loans and advances			
[a] Inventories	07	1,660,218	1,402,961
[b] Sundry debtors	08	4,069,068	3,854,363
[c] Cash and bank balances	09	109,892	636,553
[d] Other current assets	10	1,161,673	741,333
[e] Loans and advances	11	1,264,152	1,169,277
		<u>8,265,003</u>	<u>7,804,487</u>
Less: Current liabilities and provisions			
[a] Liabilities	12	3,970,044	4,345,450
[b] Provisions	13	801,740	1,387,020
		<u>4,771,784</u>	<u>5,732,470</u>
Net current assets		3,493,219	2,072,017
Total		<u>11,206,527</u>	<u>9,823,439</u>
Notes forming part of the Interim Financial Statements: 23			

As per our attached report of even date,

For and on behalf of the Board of Directors.

FOR DALAL & SHAH

Firm Registration Number : 102021 W
Chartered Accountants



ANISH AMIN

Partner

Membership Number : 40451

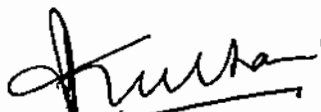
ATUL C. KIRLOSKAR

Chairman & Managing Director



SANJAY D PARANDE

Chief Financial Officer



GAUTAM A. KULKARNI

Joint Managing Director



SMITA RAICHURKAR

Assistant Company Secretary

Pune : 15 December 2010

Pune : 15 December 2010

KIRLOSKAR OIL ENGINES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	SCHEDULE	1 April 2010 to 30 September 2010	Rs. in 000's 12 January 2009 to 31 March 2010
INCOME			
Sales & Services (Gross)		12,766,802	23,463,728
Less : Excise duty		850,196	1,278,679
		<u>11,916,606</u>	<u>22,185,049</u>
Operating income	14	231,472	424,384
Financial Income	15	53,531	82,289
		<u>12,201,609</u>	<u>22,691,722</u>
EXPENDITURE			
Materials consumed	16	7,180,142	13,589,741
Employee Cost	17	877,536	1,293,915
Manufacturing Expenses	18	1,185,694	2,101,337
Selling & Administration Expenses	19	1,091,646	2,096,384
Depreciation and amortisation	20	417,114	839,878
Interest & Finance charges	21	139,072	136,432
		<u>10,891,204</u>	<u>20,057,687</u>
Less: Expenses capitalised		533	511
		<u>10,890,671</u>	<u>20,057,176</u>
Operating Profit Before Tax and Exceptional items		1,310,938	2,634,546
Exceptional (Income) / Expenses	22	89,402	-
Profit Before Taxation		1,221,536	2,634,546
Provision for taxation			
Current Tax including Wealth Tax Rs. 1,380,000/- (PY Rs. 2,750,000/-)		493,163	947,750
Deferred Tax (See note no. 19)		(131,001)	46,669
		<u>362,162</u>	<u>994,419</u>
Profit for the period after taxation		859,374	1,640,127
Carried over		859,374	1,640,127



KIRLOSKAR OIL ENGINES LIMITED

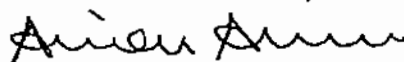
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2010

SCHEDULE	Rs. in 000's	
	1 April 2010 to 30 September 2010	12 January 2009 to 31 March 2010
Brought over	859,374	1,640,127
As per last account	796,846	-
	<u>1,656,220</u>	<u>1,640,127</u>
Less :		
Transferred to general reserve	-	164,013
Proposed Dividend	-	582,519
Tax on Proposed Dividend	-	96,749
	-	<u>843,281</u>
Balance carried to Balance Sheet	<u>1,656,220</u>	<u>796,846</u>
Earnings Per Share (Face value of Rs 2/-)		
Basic and Diluted (In Rs.)	5.90	11.26
(See note no. 18)		
Notes forming part of the Interim Financial Statements 23		

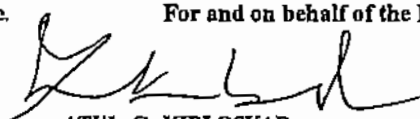
As per our attached report of even date.

For and on behalf of the Board of Directors.

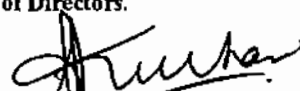
FOR DALAL & SHAH
Firm Registration Number : 102021 W
Chartered Accountants



ANISH AMIN
Partner
Membership Number : 40451



ATUL C. KIRLOSKAR
Chairman & Managing Director



GAUTAM A. KULKARNI
Joint Managing Director



SANJAY D. PARANDE
Chief Financial Officer



SMITA RAICHURKAR
Assistant Company Secretary

Pune : 15 December 2010

Pune : 15 December 2010

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 September 2010

Rs. in 000's

PARTICULARS	Apr-Sep 2010
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit before Tax	1,221,536
Add :	
Depreciation	339,390
Leasehold land written off	675
Write down of obsolete and non moving components	4,280
Bad debts and irrecoverable balances written off, net	4,811
Interest paid	108,037
Valuation loss in respect of Derivative Instruments	138,725
	593,918
Less :	
Profit on sale of mutual fund investment (net)	1,583
Surplus on sale of assets	2,762
Interest received	2,345
Sundry Credit Balances Appropriated	1,875
Provision no longer required w.back	53,162
Dividend received	49,823
	111,330
Operating Profit before working capital changes	1,704,124
Adjustments for :	
Trade and other receivables	(45,843)
Inventories	(261,537)
Trade payables	(205,562)
	(512,942)
Cash generated from operations	1,191,182
Net Cash generated from operations	1,191,182
Direct taxes paid	(444,205)
NET CASH FLOW FROM OPERATING ACTIVITIES	746,977
B. CASH FLOW FROM INVESTING ACTIVITIES	
Add :	
Sale of fixed assets	3,316
Sale of investments	116,131
Interest received	2,345
Dividend received	49,823
	171,415
Less :	
Purchase of fixed assets and advances	417,073
	417,073
NET CASH GENERATED FROM INVESTING ACTIVITIES	(245,658)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	(106,931)
Proceeds from borrowing (Net of repayments)	(245,487)
Dividend Paid	(578,813)
Tax on Dividend	(86,749)
NET CASH USED IN FINANCING ACTIVITY	(1,027,980)
Net Increase / decrease in cash and cash equivalents	(526,661)
Cash and Cash equivalents as on 1st April 2010	638,553
Cash and Cash equivalents as on 30th September 2010	109,892

As per our attached report of even date

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman & Managing Director

GAUTAM A. KULKARNI
Joint Managing Director

ANISH AMIN
Partner
Membership Number : 40451

SANJAY D PARANDE
Chief Financial Officer

SMITA RAICHURKAR
Assistant Company Secretary

Pune : 15 December 2010

Pune : 15 December 2010

KIRLOSKAR OIL ENGINES LIMITED

Schedule Nos. 01 to 23 annexed to and forming part of the Financial Statements for the period ended 30 September 2010

**SCHEDULE 01
SHARE CAPITAL**

	As at 30 September 2010	Rs. in 000's As at 31 March 2010
AUTHORISED		
200,000,000 Equity Shares of Rs. 2 each	400,000	400,000
ISSUED AND SUBSCRIBED		
145,629,750 Equity Shares of Rs.2 each	291,260	291,260
CALLED UP AND PAID UP		
145,629,285 Equity Shares of Rs.2 each	291,259	291,259
SHARE CAPITAL SUSPENSE ACCOUNT		
465 Equity Shares Rs. 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation according to scheme sanctioned by BIFR, are kept in abeyance as per the Scheme of Arrangement.	1	1
Total	291,260	291,260

Note :

145,629,750 Equity Shares of Rs.2 each were issued and allotted on April 30, 2010 (out of which 465 equity shares of Rs. 2/- each were kept in abeyance) for consideration other than cash under the Scheme of Arrangement between Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - Demerged Company) and Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited - Resulting Company), becoming effective from 31 March 2010, sanctioned by the Honorable High Court of the Judicature of Bombay. (See note no. 3)



KIRLOSKAR OIL ENGINES LIMITED**SCHEDULE 02****RESERVES AND SURPLUS**

	As at 30 September 2010	Rs. in 000's As at 31 March 2010
General Reserve		
As per last account	5,214,115	-
As computed in terms of the Scheme of Arrangement	-	5,050,102
Add : Set aside this year	-	164,013
	<u>5,214,115</u>	<u>5,214,115</u>
Capital Reserve		
Subsidy for setting up of new Industrial Unit (See note no. 4)	1,110,123	664,202
Hedging Reserve (See note no. 22)	-	(162,356)
Surplus as per annexed profit and loss account	1,656,220	796,846
Total	<u><u>7,980,458</u></u>	<u><u>6,512,807</u></u>



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 03 SECURED LOANS

	As at 30 September 2010	Rs. in 000's As at 31 March 2010
Foreign currency Term Loan from HSBC Bank plc, London (See note no. 8A(1))	285,588	341,219
Foreign currency Term Loan from BNP PARIBAS, Singapore (See note no. 8A(2))	1,606,616	1,496,793
Foreign currency Term Loan from ICICI Bank Limited, Hongkong (See note no. 8A(3))	627,656	637,055
Foreign currency Term Loan from ICICI Bank Limited, Hongkong (See note no. 8A(4))	217,758	183,077
Working Capital Loans from banks (See note no. 8B)		
Packing Credit - Foreign Currency	4,421	37,489
Interest accrued and due on loans	34	-
Total	2,742,073	2,695,633



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 04 UNSECURED LOANS

Rs. in 000's

	As at 30 September 2010	As at 31 March 2010
--	----------------------------	------------------------

Fixed deposits

From Public

423

425

From Shareholders

11

11

Total

434

436



Fixed Assets	Tangible Assets							Intangible Assets		Rs. In 000's As At 31 March, 2010
	Land Freehold	Land Leasehold	Buildings	Plant & Machinery Including Computers	Electrical Installation	Furniture & Fixture	Vehicles & Aircraft	Total (A)	Total (B)	Total (A+B)
Gross Block										
As At 31 March 2010	11	123,632	731,094	7,903,146	196,734	133,219	303,847	9,391,683	260,840	9,652,523
Additions	-	-	17,879	275,096	4,401	5,859	3,379	306,624	-	306,624
Deductions & Adjustments	-	674	-	103,296	8,964	1,726	326	114,986	-	114,986
As At 30 Sep 2010	11	122,958	748,973	8,074,946	192,171	137,362	306,900	9,583,321	260,840	9,844,161
Depreciation										
Upto 31 March 2010	-	-	75,872	3,410,606	73,514	86,275	178,291	3,824,558	201,494	4,026,052
Deductions & Adjustments	-	-	-	102,876	8,856	1,701	326	113,759	-	113,759
Recoupment/Adjustment (See note no. 24)	-	-	-	-	21,095	-	55,954	77,049	-	77,049
For The Period	-	-	10,897	389,880	6,997	5,271	13,505	406,650	9,789	416,439
As At 30 Sep 2010	-	-	86,769	3,677,710	50,560	89,845	135,516	4,040,400	211,283	4,251,683
Net Block										
As At 30 Sep 2010	11	122,958	662,204	4,397,236	141,611	47,517	171,384	5,542,921	49,557	5,592,478
As At 31 March 2010	11	123,632	655,222	4,492,540	123,220	46,944	125,536	5,567,125	59,346	5,626,471

Notes :

1. Gross block is at Cost except leasehold land which is net of amount written off.
2. For Depreciation and amortisation refer accounting policy (Note 2.4).
3. Additions include exchange difference loss of Rs. 129,420,880/- (PY gain of Rs. 243,517,627/-) (Refer Note No. 14)
4. For details of Intangible Assets (Refer Note No. 20)



KIRLOSKAR OIL ENGINES LIMITED
SCHEDULE 6

INVESTMENTS (At cost unless otherwise stated)

	Face Value	As at 30 September 2010		As at 31 March 2010	
	Per unit	Nos	Rs ('000)	Nos	Rs ('000)
LONG TERM INVESTMENTS :					
I TRADE					
A UNQUOTED					
Kirloskar Proprietary Limited	100	1	-	1	-
TOTAL LONG TERM INVESTMENTS :			-		
CURRENT INVESTMENTS :					
MUTUAL FUNDS					
UNQUOTED					
A DIVIDEND SCHEME - FIXED MATURITY PLAN					
BSL Interval Income Fund - Instl- Qtrly	10	10,000,000	100,000	-	-
DSP Black Rock FMP - 3M Series 19	10	5,000,000	50,000	-	-
DSP Black Rock FMP - 3M Series 18	10	5,000,000	50,000	-	-
HDFC FMP 35D August 2010 (1) Dividend	10	20,000,000	200,000	-	-
HDFC FMP 100D August 2010 (2) Dividend	10	5,000,000	50,000	-	-
Kotak Quarterly Interval Plan Series 6	10	10,000,700	100,000	-	-
Reliance Monthly Interval Fund - Series I	10	14,992,354	150,000	-	-
Reliance Monthly Interval Fund - Series II	10	9,994,403	100,000	-	-
Reliance Monthly Interval Fund - Series III	10	9,993,604	100,000	-	-
B DIVIDEND SCHEME - LIQUID					
BSL Medium Term Plan -INSTL-Monthly Dividend	10	4,973,857	50,387	-	-
BSL Cash Manager - IP - daily Dividend	10	10,429,583	104,327	-	-
BSL Floating Rate Fund	10	10,016,032	100,215	-	-
Birla Sun Life Savings Fund - Instl, Daily Dividend	10	-	-	124,955,324	1,250,400
HDFC Cash Mgmt fund Treasury Advantage Pln Wholesale	10	21,296,734	213,638	-	-
HDFC Cash Management Fund - Savings Plan - Daily Divid	10	-	-	70,559,505	750,490
ICICI Pru Flexible Income Plan Premium	100	1,508,131	159,462	-	-
KOTAK Liquid INSTL Premium	10	12,268,542	150,022	-	-
KOTAK Floater Long Term	10	8,931,952	90,032	-	-
Reliance Money Manager Fund INSTL	1,000	118,089	118,251	-	-
			1,886,334		2,000,920
C GROWTH SCHEME - Liquid					
Birla Sun Life Savings Funds - Reatil - Growth	10	598	10	598	10
HDFC Cash Management Fund					
Treasury Advantage Plan - Retail-Growth	10	513	10	513	10
			20		20
TOTAL CURRENT INVESTMENTS			1,886,354		2,000,920
TOTAL INVESTMENTS			1,886,354		2,000,920

Notes :

1. Aggregate Carrying Cost of Unquoted Investments 1,886,354 2,000,920
2. Face value per unit in Rupees unless otherwise stated.
3. Refer Accounting Policy 2.5



KIRLOSKAR OIL ENGINES LIMITED
SCHEDULE 6 (CONTD)

INVESTMENTS (At cost unless otherwise stated)

Following Investments are purchased and sold during the period.

(Rs. in '000)

Name	No of Units	Face Value	Purchase Cost
Birla Sunlife Savings Fund	146,258,775	10	1,463,582
Birla Sunlife Cash Plus INSTL Premeium	206,132,969	10	1,740,280
Birla Sunlife Savings Fund	270,882,061	10	2,580,663
Birla Sunlife Cash Plus INSTL Premeium	416,146,740	10	4,169,582
BSL Medium Term Plan -INSTL-Monthly Div	4,973,857	10	50,387
BSL Cash Manager - IP - daily Dividend	91,895,222	10	919,228
BSL Interval Income Fund - Instl- Qtrly	10,000,000	10	100,000
BSL Floating Rate Fund	10,016,032	10	100,215
KOTAK Liquid INSTL Premium	150,494,378	10	1,840,260
KOTAK Floater Long Term	102,033,482	10	1,028,477
KOTAK Floater Long Term	16,327,311	10	240,025
Kotak Quarterly Interval Plan Series 6	10,000,700	10	100,000
HDFC Cash Mgmt fund Savings Plan	441,990,397.93	10	4,701,187
HDFC Cash Mgmt fund Treasury Advantage Plan Wholesale	223,646,987.87	10	2,243,515
HDFC FMP 35D August 2010 (1) Dividend	20,000,000.00	10	200,000
HDFC FMP 100D August 2010 (2) Dividend	5,000,000.00	10	50,000
ICICI Pru Liquid Super INSTL Plan	14,548,432	100	1,455,169
ICICI Pru Flexible Income Plan Premium	6,426,087	10	679,462
Reliance Liquid Fund Treasury Plan INSTL	1,308,394	10	20,002
Reliance Liquid Fund	73,970,362	10	740,081
Reliance Money Manager Fund INSTL	617,404	1000	568,245
Reliance Monthly Interval Fund - Series II	9,994,403	10	100,000
Reliance Monthly Interval Fund - Series III	9,993,604	10	100,000
Reliance Monthly Interval Fund - Series I	14,992,354	10	150,000
DSP Black Rock FMP - 3M Series 19	5,000,000	10	50,000
DSP Black Rock FMP - 3M Series 18	5,000,000	10	50,000



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 07 INVENTORIES

	As at 30 September 2010	Rs. in 000's As at 31 March 2010
*Stores and spares, at cost	108,444	94,018
*Stock-in-trade		
Raw materials [including components], at cost	1,031,895	859,866
Unserviceable and obsolete raw materials; at estimated realisable value	2,379	1,846
Work-in-process, at cost	225,882	189,281
Finished goods, at lower of cost or market value	273,066	185,731
	<u>1,533,222</u>	<u>1,236,724</u>
 * Materials in transit, cost to date	 18,552	 72,219
 Total	 <u><u>1,660,218</u></u>	 <u><u>1,402,961</u></u>

* as certified by the Chairman & Managing Director



KIRLOSKAR OIL ENGINES LIMITED**SCHEDULE 08****SUNDRY DEBTORS, UNSECURED**

Rs. in 000's

As at

30 September 2010

As at

31 March 2010

(a) Outstanding for a period exceeding six months

Good

85,992

56,633

Doubtful

183,057

203,564

Less: provision

183,057

203,564

-

-

85,992

56,633

(b) Others: good

3,983,076

3,797,730

Total**4,069,068****3,854,363**

(1)

KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 09

CASH AND BANK BALANCES

R.s. in 000's

	As at 30 September 2010	As at 31 March 2010
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Cash on hand	317	562
Bank Balances :		
With Scheduled Banks		
In current accounts and cash credit	96,799	623,315
In fixed deposits	12,775	12,675
	109,574	635,990
With Non-Scheduled Banks :		
In current account		
The HSBC Limited, Singapore	1	1
(Maximum balance outstanding during the period Rs 1,000/- (PY Rs 283,058/-))		
	109,575	635,991
Total	109,892	636,553



KIRLOSKAR OIL ENGINES LIMITED**SCHEDULE 10****OTHER CURRENT ASSETS**

	As at 30 September 2010	Rs. in 000's As at 31 March 2010
Income receivable	7,226	11,987
Subsidy receivable for setting up of new Industrial Unit (See note no. 4)	1,110,123	694,634
Export Incentive Receivable	44,324	34,712
Total	1,161,673	741,333



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 11

LOANS AND ADVANCES

(unsecured, good unless otherwise stated)

	As at 30 September 2010	Rs.in 000's As at 31 March 2010
Advances recoverable in cash or in kind or for value to be received:		
Good *	297,554	335,712
Doubtful	4,621	4,762
Less: provision	4,621	4,762
	<u>297,554</u>	<u>335,712</u>
Derivative Asset (See note no. 2.7)	291,924	-
Sales Tax / VAT / Service Tax Receivable (net)	38,800	110,438
Sundry deposits	171,596	170,479
Balance with Collectorate of Central Excise and Customs	74,186	113,598
Tax paid in advance	4,830,927	4,386,722
Less Provision for Tax Per Contra	4,440,835	3,947,672
	<u>390,092</u>	<u>439,050</u>
Total	<u>1,264,152</u>	<u>1,169,277</u>

* includes loans taken by Whole Time Director prior to appointment as director Rs. 14,709/- (PY Rs. 61,227/-)
(Maximum balance outstanding during the period Rs. 61,227/- (PY Rs. 154,263 /-)



KIRLOSKAR OIL ENGINES LIMITED**SCHEDULE 12
LIABILITIES**

	As at 30 September 2010	Rs.in 000's As at 31 March 2010
Acceptances	704,307	743,174
Sundry creditors		
Due to Micro & Small Enterprises	91,559	43,382
Others	2,795,201	3,130,125
	<u>2,886,760</u>	<u>3,173,507</u>
Sundry deposits	133,312	119,568
Unclaimed dividends	3,706	-
Derivative Liability (See note no. 22)	138,725	162,356
Advance from customers	95,284	138,001
Interest accrued but not due on loans	7,950	8,844
Total	<u>3,970,044</u>	<u>4,345,450</u>



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 13 PROVISIONS

	As at 30 September 2010	Rs. in 000's As at 31 March 2010
Provision for gratuity (See note no. 15)	18,638	-
Provision for compensated absences (See note no. 15)	324,474	298,070
Provision for Pension & other Retirement Benefits (See note no. 15)	93,412	92,595
Provision for warranty claims (See note no. 21)	365,216	317,087
Provision for taxation	4,440,835	3,947,672
Less : Tax paid in advance Per Contra	4,440,835	3,947,672
	-	-
Proposed Dividend	-	582,519
Provision for tax on Dividend	-	96,749
Total	801,740	1,387,020



KIRLOSKAR OIL ENGINES LIMITED**SCHEDULE 14****OPERATING INCOME**

Rs.in 000's

1 April 2010 to 30
September 2010

12 January 2009 to 31
March 2010

Job work receipts	-	4
Sale of scrap (Net of excise duty)	81,149	132,962
Sundry sales	278	513
Cash Discount received	7,537	19,442
Export Incentives	23,436	43,138
Rent	63	175
Commission received	36,563	64,259
Refund of Sales tax, Octroi etc	500	555
Surplus on sale of assets	2,762	1,501
Sundry credit balances appropriated	1,875	8,989
Provision for doubtful debts and advances written back (net)	17,937	-
Provisions no longer required written back	53,162	121,511
Miscellaneous receipts	6,210	31,335
Total	231,472	424,384



KIRLOSKAR OIL ENGINES LIMITED**SCHEDULE 15****FINANCIAL INCOME****1 April 2010 to 30
September 2010****Rs.in 000's
12 January 2009 to 31
March 2010**

Dividend		
From Other Investments	49,623	77,597
Interest		
Others	2,345	4,165
(Gross, Tax Deducted at Source NIL (PY Rs. 614,614/-)		
Profit on Sale of Mutual Fund investments (net)	1,563	527
Total	53,531	82,289



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 16

MATERIALS CONSUMED

1 April 2010 to 30 September
2010

Rs. in 000's
12 January 2009 to 31
March 2010

[a] Raw materials and components consumed

Opening Stocks	861,711	-
Acquired in term of the Scheme of Arrangement	-	748,408
Less : Value of obsolete and non-moving material written-down (Net of realisable value)	4,280	91,335
Add: purchases	6,808,997	11,872,042
	<u>7,666,428</u>	<u>12,529,115</u>

Less: stocks at close	1,034,274	861,712
	<u>6,632,154</u>	<u>11,667,403</u>

[b] Finished goods purchases for resale	451,670	1,526,162
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[c] Increase/(Decrease) in Excise duty of Finished Goods	6,408	133
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[d] Freight, octroi and entry tax	209,566	347,464
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[e] Write-down of absolute & non-moving material	4,280	91,335
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[f] (Increase)/decrease in stocks

Stocks at close:		
Work-in-process (including finished components)	225,882	189,281
Finished goods	273,066	185,731
	<u>498,948</u>	<u>375,012</u>
Less: Opening Stocks		
Work-in-process (including finished components)	189,281	-
Finished goods	185,731	-
Acquired in term of the Scheme of Arrangement		
Work-in-process (including finished components)	-	137,969
Finished goods	-	194,287

375,012	332,256
(123,936)	(42,756)

Total

<u>7,180,142</u>	<u>13,589,741</u>
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KIRLOSKAR OIL ENGINES LIMITED**SCHEDULE 17****EMPLOYEE COST**

Rs. in 000's
1 April 2010 to 30 September 2010 12 January 2009 to 31 March 2010

Salaries, wages, gratuity, bonus, commission, etc.	686,761	1,148,761
* Contribution to provident and other funds	91,033	(13,101)
Welfare and training Expenses	97,378	154,198
Provident and other funds' expenses	2,364	4,057
Total	877,536	1,293,915

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



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 18

MANUFACTURING EXPENSES

Rs. in 000's
1 April 2010 to 30 September 2010
12 January 2009 to 31 March 2010

Stores Consumed	409,974	726,404
Power, fuel and water	127,090	227,772
Machinery spares	58,766	86,306
Machinery repairs	26,923	52,086
Job Work Charges	148,723	246,657
Labour charges	43,077	44,631
Cost of Services	330,766	673,779
Others	40,375	43,702
Total	1,185,694	2,101,337



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 19

SELLING & ADMINISTRATION EXPENSES

1 April 2010 to 30
September 2010

Rs. in 000's
12 January 2009 to 31
March 2010

SELLING EXPENSES

Commission	53,862	116,827
Freight and forwarding	187,970	343,583
Sales warranty claims	159,719	278,252
Royalty, technical and license fees etc.	34,584	98,352
Advertisement and publicity	60,044	96,530
Others	21,407	58,378
	<u>517,586</u>	<u>991,922</u>

ADMINISTRATION EXPENSES

Rent	118,876	234,047
Rates and taxes	1,132	2,620
Insurance	7,681	8,279
Building repairs	51,157	38,056
Other repairs and maintenance	118,954	175,373
Travelling and conveyance	86,386	137,189
Communication expenses	17,924	31,536
Printing and stationery	12,585	27,587
Legal & Professional fees	42,446	78,654
Auditors' remuneration	3,400	3,859
Donations		
- Pune City District Congress (Political Party)	-	250
- Others	<u>20,941</u>	<u>21496</u>
	20,941	21,746
Demerger expenses	4,043	87,364
Miscellaneous expenses	83,724	192,447
Loss on assets sold, demolished, discarded and scrapped	-	6,914
Provision for doubtful debts and advances (net)	-	31,303
Bad debts and irrecoverable balances written off (net)	4,811	27,488
	<u>574,060</u>	<u>1,104,462</u>
Total	<u>1,091,646</u>	<u>2,096,384</u>



KIRLOSKAR OIL ENGINES LIMITED**SCHEDULE 20****DEPRECIATION AND AMORTISATION**1 April 2010 to 30
September 2010Rs. in 000's
12 January 2009 to 31
March 2010

Depreciation	416,439	838,528
Amount written off against leasehold land	675	1,350
Total	417,114	839,878

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

On fixed loans	99,528	50,221
Others	6,509	49,331
	106,037	99,552

FINANCE CHARGES

Cash discount	10,854	12,964
Discounting charges	-	487
Bank charges, commission etc.	22,181	23,429
	33,035	36,880
Total	139,072	136,432



KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 22

Rs. in 000's

1 April 2010 to 30 September 2010
12 January 2009 to 31 March 2010

EXCEPTIONAL INCOME / EXPENDITURE :

Exceptional Income

Depreciation (See note no. 24)	(77,049)	-
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Exceptional Expenses

Valuation loss in respect of Derivative Instruments (See note no. 22)	166,451	-
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Total	89,402	-
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SCHEDULE '23'

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 30 SEPTEMBER 2010

1. The Company had received listing approval from Bombay Stock Exchange Limited (BSE) on 9 July 2010 and "In principle" listing approval from National Stock Exchange of India Limited (NSE) on 16 July 2010 for 145,629,285 equity shares of Rs 2/- each. These Interim Financial Statements for the six months period ended have been prepared for inclusion in the information memorandum to be submitted to Securities Exchange Board of India (SEBI) / Stock Exchange and published for obtaining listing and trading permission.

These interim financial statements have been prepared in terms of Accounting Standards (AS -25) "Interim Financial Reporting" prescribed by Companies (Accounting Standards) Amendment Rules 2006, and include accounting policies and only those notes which are significant to better understanding of these Interim Financial Statements.

2. Significant Accounting Policies

2.1 Basis of preparation of Interim Financial Statements

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

GAAP comprises mandatory accounting standards prescribed by Companies (Accounting Standards) Amendment Rules, 2006, provisions of the Companies Act, 1956 except disclosures which are not significant to the understanding of these financial statements

2.2 Use of Estimates

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

2.3 Fixed Assets

- a. Fixed assets, except leasehold land, are stated at cost of acquisition or construction less accumulated depreciation. Cost includes the purchase price and all other attributable costs incurred for bringing the asset to its working condition for intended use. Leasehold land is valued at cost less amount written off.
- b. Expenditure on New Projects and Expenditure during Construction :

In case of new projects, expenditure incurred including interest on borrowings and financing costs of specific loans, prior to commencement of commercial production is being capitalized to the cost of assets.
- c. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets under firm commitments and cost of fixed assets that are not yet ready for their intended use at the balance sheet date.
- d. Intangible assets are recorded at the consideration paid for acquisition.
- e. Exchange Differences - see 2.7 (c) below.



2.4 Depreciation and Amortisation

- a. Freehold land is not depreciated.
- b. Leasehold land is amortised over the period of lease.
- c. Depreciation on all assets for the year has been provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 from the beginning of the month in which addition is made. (For change in the method of providing depreciation with respect to certain class of assets See Note No 24). Depreciation on additions to computers, printers, scanners, Jigs and Fixtures, Dies and Patterns, Electrical Installation, Furniture and Fixture, Vehicles, Aircraft etc has been provided over the estimated economic life of respective assets or at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.
- d. Jigs and Fixtures, Dies and Patterns costing below Rs 1 lac and other fixed assets costing below Rs 5,000/- are charged to revenue in the year of acquisition.
- e. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its intended use.
- f. Depreciation on additions on account of increase in rupee value due to foreign exchange fluctuations is being provided at the rates of depreciation over the future life of the said asset.
- g. Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on prorata basis upto the end of the previous month during which such assets are sold, discarded or demolished.

2.5 Investments

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

2.6 Inventories

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

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



2.7 Foreign Currency Transactions

a. Initial Recognition

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

b. Conversion

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

c. Exchange Differences

Exchange differences arising on the settlement and conversion on foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they are adjusted in the cost of the corresponding asset. Further, as per Ministry of Corporate Affairs Notification dated 31 March 2009, eligible exchange difference on foreign currency loans is adjusted in the cost of the asset to be depreciated over the balance life of the asset. (See Note No 14).

d. Forward Contracts

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

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

e. Option Contracts

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

Outstanding foreign exchange option contracts on the date of Balance Sheet are marked to market (MTM). MTM losses or gains, if any, are recognized in the Profit and Loss account subject to (c) above. However, in respect of instruments to hedge highly probable forecast transactions which serve as effective hedges as determined under the accounting standard 30, the profits and losses are accumulated in the Hedge reserve until the underlying transaction occurs upon which the respective accumulated balances are recognized in the profit and loss account.

2.8 Employee Benefits

a. Short Term Employee Benefits:

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



b. Post Employment Benefits:

i. Defined Contribution Plans:

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

ii. Defined Benefit Plans :

The employee's gratuity fund scheme, long term compensated absences, pension, post retirement medical and long term service award benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis. (See Note 15).

iii. Termination Benefits:

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

2.9 Warranty

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

2.10 Research and Development

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

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

2.11 Revenue Recognition

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



2.12 Government Grant

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

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

Government grants or subsidies given with reference to the total investment in an undertaking or setting up of new industrial undertaking is treated as capital receipt and credited to capital reserve. The said capital reserve will not be available for distribution of dividend nor is considered as deferred income. (See Note No 4).

Government grants or subsidies relating to an expense item, is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate

2.13 Borrowing Cost

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

2.14 Income Tax

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

Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for, at prevailing or substantially enacted rate of tax to the extent timing differences are expected to crystallise, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which deferred tax assets can be realised.

2.15 Earning Per Share

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

2.16 Cash Flow Statement

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

2.17 Segment Reporting

a. Identification of Segments

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

b. Intersegment Transfers

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



c. Allocation of common costs

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

d. Unallocated items

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

2.18 Impairment of Assets

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

2.19 Provisions and Contingencies

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

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

3. Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with its order dated 19 March 2010 had approved the Scheme of Arrangement between Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited – Demerged Company) and Kirloskar Engines India Limited (now known as Kirloskar Oil Engines Limited – Resulting Company ("Company")) and their respective shareholders and creditors. The appointed date was 1 April 2009 and the Scheme has become effective from 31 March 2010. The Engines and Auto Components business of Demerged Company was transferred and vested with the Company i.e. Kirloskar Oil Engines Limited on the Scheme of Arrangement becoming effective retrospectively with effect from 1 April 2009. Consequently, the shares were allotted by Committee of Board of the Company to the shareholders of Demerged Company on 30 April 2010 in terms of the said Scheme.
4. The Company's manufacturing facility at Kagal has been granted "Mega Project Status" by Government of Maharashtra and therefore is eligible for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2001. The company has been granted Eligibility Certificate issued by the Directorate of Industries, Government of Maharashtra in this regard. IPS consists of the following :
 - a. Electricity Duty exemption for the period of 9 years from the date of commencement of the project i.e. 1 April 2008, and
 - b. 100% exemption from payment of Stamp duty for the plots already purchased and to be purchased, and
 - c. VAT and CST payable to the State Government (before adjustment of Set-off) on sales made from Kagal plant, within a period of 9 years starting from 1 April 2008 to 31 March 2017.



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

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

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

Further, in terms of the Accounting Standard (AS 12) "Accounting for Government Grants" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, eligible incentive is considered to be in the nature of promoters' contribution and accordingly, incentive of Rs 445,921,570/- [P.Y. Rs 664,201,914/-] accrued for the six months period has been credited to the Capital Reserve.

		Rs in 000's	
		As at 30 September 2010	As at 31 March 2010
5	Contingent Liabilities not provided for		
	(a) Disputed Central Excise demands	12,955	13,166
	(b) Disputed Sales Tax & Octroi demands	70,371	65,897
	(c) Disputed Custom Duty demands	10,799	10,799
	(d) Disputed Income Tax liability – matter under appeal	143,321	143,321
	(e) Claims against the Company not acknowledged as debts	790,243	739,689
	(f) Guarantees given on behalf of third parties	107	152
		1,027,796	973,024
6.	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	357,971	109,948
7.	Charge of hypothecation referred in Note No 8(B) for working capital facilities extends to letters of credit issued and guarantees given by the Company's bankers		
	Aggregate value of such letters of credit outstanding	290,005	454,998
	Aggregate value of such guarantees outstanding	945,151	1,152,747



8. Security

A. Term Loans

1. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 1,417.46 Million (USD 12 Million) i.e. INR 526 Million availed from HSBC Bank plc, London [balance outstanding as on 30 September 2010: Rs.285, 587,667/-] [P.Y. Rs. 341,219,171/-]. This loan is to be repaid in eight six-monthly equal installment starting from 2 June 2008. Accordingly one installment of JPY 177.17 Million i.e. Rs. 81,909,146/- was repaid on 31 May 2010.
2. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 3,420.15 Million (USD 30 Million) i.e. INR 1245 Million availed from BNP PARIBAS, Singapore [balance outstanding as on 30 September 2010: Rs.1,606,615,747/-] [P.Y. Rs. 1,496,792,974/-]. This loan is to be repaid in five six-monthly installments starting from 2 March 2012. However, JPY 430 Million i.e. Rs. 240,026,000/- was prepaid on 3 September 2010.
3. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 2336.32 Million i.e. INR 797 Million availed from ICICI Bank Limited, Hongkong [balance outstanding as on 30 September 2010: Rs. 627,655,554/-] [P.Y. Rs. 637,054,965/-]. This loan is to be repaid in eight six-monthly equal installments starting from 31 October 2008. Accordingly one installment of JPY 292.04 Million i.e. Rs. 139,799,548/- was repaid on 30 April 2010.
4. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 405.28 Million i.e. INR 133 Million availed from ICICI Bank Limited, Hongkong [balance outstanding as on 30 September 2010: Rs. 217,758,049/-] [P.Y. Rs. 183,077,382/-]. This is to be repaid in a single tranche on 20 June 2012.

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

B. Working Capital

In respect of the working capital facilities sanctioned by the consortium of banks (SBI Consortium) comprising of State Bank of India, Mumbai (Lead Bank), Bank of Maharashtra, Pune, ICICI Bank Limited, Pune, HDFC Bank Limited, Pune and The Hongkong and Shanghai Corporation Limited, Pune, the first charge by way of hypothecation on the whole of the current assets of the Company (other than its Bearing Division) both present and future for Rs 350 Crores and also the second charge on the whole of the movable fixed assets of the Company (other than its Bearing Division) both present and future for Rs 100 Crores in favour of SBI Consortium as security for fund based working capital facilities have also been transferred to the Company pursuant to the said Scheme. The Company has received certificate of registration of charge from Registrar of Companies, Pune on 13 July 2010.



9. Details of Raw Materials Consumption :

(I) Raw materials and components consumed:

Particulars	Unit	1 April 2010 to 30 September 2010		12 January 2009 to 31 March 2010	
		Quantity	Rs in 000's	Quantity	Rs in 000's
a) Steel and Steel strips	MT	1,783	53,069	3,301	86,160
b) Non-ferrous metals	MT	805	138,610	1,409	199,505
c) Components			6,439,747		11,381,130
e) Others		--	728	—	608
Total			6,632,154		11,667,403

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

Particulars	1 April 2010 to 30 September 2010		12 January 2009 to 31 March 2010	
	Rs in 000's	%	Rs in 000's	%
a) Imported	687,762	10.37	1,592,593	13.65
b) Indigenous	5,944,392	89.63	10,074,810	86.35
Total	6,632,154	100.00	11,667,403	100.00



10. Details of purchase of Trading Goods:

Particulars	Unit	1 April 2010 to 30 September 2010		12 January 2009 to 31 March 2010	
		Quantity	Rs In 000's	Quantity	Rs In 000's
a) Engines and Gensets	Nos	1	14,983	3,476	814,537
b) K-Oil	Ltrs	452,750	436,687	817,075	711,625
Total			451,670		1,526,162



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

(A) Foreign Exchange Derivatives

Rs in 000's				
Nature of Instrument	Currency	Sale / Purchase	As at 30 September 2010	As at 31 March 2010
Forward Contracts	USD	Purchase	2,314	2,250
	EUR	Purchase	1,120	1,113
	JPY	Purchase	270,000	--
Option Contracts	USD	Purchase	49,548	51,340
	USD	Sale	25,000	34,000
	EUR	Purchase	1,689	500
	JPY	Purchase	4,795,348	5,973,798

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

(B) Exposure not hedged

Rs in 000's			
Nature of Instrument	Currency	As at 30 September 2010	As at 31 March 2010
Receivable	EUR	336	147
Payable	USD	859	1,419
	EUR	759	1,788
	JPY	11,162	2,632
	GBP	28	15
Loan	USD	4,505	8,361
	JPY	29,767	20,532



12. Details of licensed and Installed capacity, production, stock and turnover :

A) Licensed and Installed capacity and production

Sr No	Class of Goods	Unit	Licensed Capacity		Installed Capacity (b)		Production meant for Sale	
			Apr 10 to Sep 10	2009-10	Apr 10 to Sep 10	2009-10	Apr 10 to Sep 10	2009-10
1	Engines between 2.5 HP to 740 HP (a)	Nos.	710,100	662,100	103,992 (j)	196,694 (j)	103,992 (j)	196,694 (j)
2	Engines above 2400 HP to 10000 HP (a)	Nos.	26	26	2	8	2	8
3	Generating Sets between 5 KVA to 600 KVA (a)	Nos.	83,800	83,800	4,434	7,907	4,434	7,907
4	Generating Sets between 1.6 MW to 4.4 MW(a)	Nos.	14	14	-	5	-	5
5	Bimetal Bearings & Engine Valves (a) , (h) and (i)	Nos. (000's)	105,650	105,650	24,707	46,047	24,707	46,047
6	Bimetal Strips - (a) and (c)	MT	11,981	11,981	1,935	3,599	1,935	3,599
7	Pump Sets (a)	Nos.	210,000	210,000	-	-	-	-
8	R Type Engines (d)	Nos.	8,000	8,000	8,000	8,000	-	-
9	Air Compressors up to 1000 cfm	Nos.	500	500	500	500	-	-
10	Diesel /Electric compressors 30 to 2500 cfm	Nos.	500	500	500	500	-	-
11	Garage compressors above 5 HP and parts	Nos.	250	250	250	250	-	-
12	Air receiver, inter coolers, heat exchangers and parts thereof	Nos.	500	500	500	500	-	-
13	Car lifts, washers and lubricants equipments	Nos.	300	300	300	300	-	-
14	Aluminium Castings	MT	NA	NA	300	300	-	-
15	Agricultural Implements	MT	200	200	200	200	-	-
16	Self Priming Pumps	Nos.	3,500	3,500	3,500	3,500	-	-
17	Crankshaft	Nos.	43,500 (e)	43,500 (e)	-	-	-	-
18	Carnshafts	Nos.	49,500 (e)	49,500 (e)	-	-	-	-



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- a Licensed capacity is given on the basis of IEM (Industrial Entrepreneurs Memorandum) received by the Company till September 2010.
 - b Most of the plant and machinery being common for different products manufactured by the company and installed capacity being dependent on product mix, which in turn is decided by the actual demand for various products from time to time and also on availing of subcontracting facilities, it is not feasible for the Company to indicate the exact installed capacity. The Company has, however, indicated the installed capacity on the basis of year's Product mix as certified by the Technical Personnel and accepted by Auditors, as correct, being technical matter.
 - c Includes 1,864 [P.Y. 3,530] MT for internal consumption.
 - d Unit closed.
 - e The Company has obtained Letter of intent (ref : LI 1194/SIA/IMO/2010 dated 05.04.2010) issued by Ministry of Industry, New Delhi to manufacture camshafts and crankshafts
 - f The company also holds permission to manufacture at its Ahmednagar plant, Gas Turbine up to 20 MW capacity including packaging of various applications.
 - g The Company has filed Memorandum under Liberalized License Scheme to manufacture the following items:
1) Control Panels 2) Steam Turbine Generating sets 3) Steam Turbines 4) Canopies for Gensets
 - h Production quantity represents number of components "meant for sale only" and includes components produced and kept on hold due to technical reason in earlier years and released after inspection which being a technical matter, is certified by technical personnel and accepted by auditors as correct.
 - i Includes 2,315 (000's) [P.Y. 4,203 Nos (000's)] for internal consumption.
 - j Includes 1,512 [P.Y. 2,235 Nos] for internal consumption.



(B) Stocks and Turnover :

Sr No	Class of Goods	Opening Stock				Closing Stock				Turnover				* Others	
		As on 1 April 10		2009-10		As on 30 Sep 10		2009-10		Apr to Sep 10		2009-10		Apr to Sep 10	2009-10
		Nos	Rs. in '000	Nos	Rs. in '000	Nos	Rs in '000	Nos	Rs in '000	Nos	Rs in '000	Nos	Rs in '000	Nos	Nos
1	Engines between 2.5 HP to 740 HP	5,851	110,527	2,551	63,602	8,090	174,947	5,851	110,527	99,581	7,326,275	190,173	12,576,969	2,072	3,221
2	Engines above 2400 HP to 10000 HP	-	-	-	-	-	-	-	-	2	291,687	8	613,653	-	-
3	Generating Sets between 5 KVA to 600 KVA	95	8,519	138	11,139	119	7,739	95	8,519	4,410	961,495	7,649	1,624,943	-	301
4	Generating Sets between 1.6 MW to 4.4 MW	-	-	-	-	-	-	-	-	-	-	5	770,160	-	-
5	Bitmetal Bearings and engines Valves (in '000)	1,619	21,572	2,369	38,266	2,743	38,256	1,619	21,572	24,707	565,951	46,047	1,051,414	1119 *	609
6	Bitmetal Strips (MT)	1	470	4	459	1	118	1	470	71	16,372	71	14,284	-	-
7	Goods Traded - Engines and Gensets	78	7,406	471	40,383	69	4,867	78	7,406	10	18,598	3,869	648,085	-	-
8	Goods Traded - K-oil (Liters)	10,689	10,676	14,957	13,441	13,258	8,460	10,689	10,676	452,417	619,932	621,343	1,042,835	-	-
9	Goods Traded - HSFO Oil (MT)	-	-	-	-	-	-	-	-	-	-	-	-	-	59
10	Others	-	26,561	-	26,997	-	38,681	-	26,561	-	2,116,096	-	3,642,706	-	-
	TOTAL		185,731		194,287		273,066		185,731		11,916,606		22,185,049		

* Includes free replacement, samples, scrap, shortages, internal consumption etc.



13. Research and Development Expenditure:

Particulars	Rs in 000's	
	1 April 2010 to 30 September 2010	12 January 2009 to 31 March 2010
Revenue Expenditure	100,603	179,896
Capital Expenditure	10,475	30,726
Total	111,078	210,622

14. The company, as per Ministry of Corporate Affairs notification dated 31 March 2009 has exercised the option of implementing the provisions of paragraph 46 of Accounting Standard (AS 11) "The effects of changes in Foreign Exchange Rates" prescribed by Companies (Accounting Standards) Amendment Rules, 2006. The Company has outstanding long term foreign currency loans which are categorised as long-term foreign currency monetary items as referred in the said notification. Accordingly company has capitalised exchange difference loss of Rs 129,420,980/- [P.Y. gain Rs 243,517,627/-] pertaining to the current financial period in respect of its foreign currency loans.
15. Employee benefits have been valued by the appointed actuary on the basis of data available as at 30th September 2010 for the year ended 31st March 2011 and accordingly the proportionate charge for the period ended 30th September has been recognised in the profit and loss account as follows.

Charge to Profit and Loss account:

Particulars	Rs in 000's	
	For the period ended 30 September 2010	For the year ended 31 March 2010
Gratuity	52,573	(76,917)
Privilege and Sick Leave	46,195	17,721
Pension and Post Retirement Medical Scheme	5,407	15,544
Long Service Merit Benefit Scheme	685	232

All Defined benefit liabilities are determined by Projected Unit Credit (PUC) actuarial method as per Revised AS15

Actuarial Assumptions:

Particulars	For period ended 30 September 2010		For period ended 31 March 2010	
	Gratuity	Pension, Post Retirement Medical scheme and Long Service merit Benefit scheme	Gratuity	Pension, Post Retirement Medical scheme and Long Service merit Benefit scheme
Discount rate	8.3%	8.3%	8.5%	8.5%
Expected rate of return on Plan Assets	8%	-	8%	-
Salary Escalation Rate	7.5%	-	7.5%	-



16. Segment information as required by Accounting Standard (AS 17) "Segment Reporting" prescribed by Companies (Accounting Standards) Amendment Rules, 2006 is set out in a separate statement annexed to the schedule.
17. Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board. Disclosure of transactions with Related Parties are as under.

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

1. Holding Company		
Kirloskar Industries Limited (Upto 31 March 2010)		
1. Associate Company		
Kirloskar Integrated Technologies Limited (Formerly Known as Kirloskar Kisan Equipment Limited)		
2. Companies controlled by Key Management Personnel		
Cess Investments & Consultants Private Limited		
Navsai Investments Private Limited		
Achyut & Neeta Holding & Finance Private Limited		
Alpak Investments Private Limited		
Kirloskar Consultants Limited		
3. Key Management Personnel & their relatives		
Key Management Personnel		Relatives
Name	Designation	
Atul C. Kirloskar	Chairman & Managing Director	Arti A. Kirloskar, Gauri A. Kirloskar, Aditi A. Kirloskar, Sanjay C. Kirloskar, Rahul C. Kirloskar, Suman C. Kirloskar
Gautam A. Kulkarni	Joint Managing Director	Jyotsna G. Kulkarni, Nihal G. Kulkarni, Ambar G. Kulkarni, Ashwini H. Parulkar, Neeta A. Kulkarni
Rahul C. Kirloskar	Whole time Director	Alpana R. Kirloskar, Aman R. Kirloskar, Alika R. Kirloskar, Atul C. Kirloskar, Sanjay C. Kirloskar, Suman C. Kirloskar
R. R. Deshpande	Whole time Director	Veena R. Deshpande, Kaustubh R. Deshpande, Saurabh R. Deshpande, D. R. Deshpande, P. R. Deshpande, R. G. Deshpande, Leela R. Deshpande



(B) Related Party Transactions for the period 1 April 2010 to 30 September 2010:**Rs in 000's**

Nature of Transaction	Year	Holding Company	Associate Companies	Key Management Personnel	Relatives of Key Management Personnel
Sale of goods	2010-11	--	5,208,210	--	--
	2009-10	--	9,128,777	--	--
Reimbursement of expenses	2010-11	--	--	--	--
	2009-10	11,205	--	--	--
Other expenses	2010-11	--	--	--	--
	2009-10	--	--	2,415	--
Rendering of services	2010-11	--	529	63,769	--
	2009-10	--	1,097	105,397	--
Rent paid	2010-11	--	--	--	2,700
	2009-10	--	--	--	3,600
License Fees	2010-11	--	--	--	--
	2009-10	192,828	--	--	--
Dividend Paid	2010-11	--	--	45,475	44,461
	2009-10	--	--	--	--
Security Deposit	2010-11	96,414	--	--	10,000
	2009-10	--	--	--	--
Outstanding as at 30 September 2010					
Receivables	2010-11	--	1,735,564	--	--
	2009-10	--	1,738,653	--	--
Payables	2010-11	--	--	66,713	--
	2009-10	--	--	83,003	--
Security Deposit	2010-11	--	--	--	30,000
	2009-10	--	--	--	30,000

18. Earning Per Share (Basic and Diluted)**Rs In 000's**

Particulars	1 April 2010 to 30 September 2010	12 January 2009 to 31 March 2010
Profit for the period after taxation	859,374	1,640,127
Total number of equity shares at the end of the period	145,629,750	145,629,750
Basic and Diluted Earning Per Share	5.90	11.26

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



19. As required by Accounting Standard (AS 22) "Taxes on Income" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, the Company has recognised deferred taxes, which result from timing differences between book profits and tax profits for the period aggregating Rs 131,001 ('000) in the Profit and loss Account, the details of which are as under.

Rs in 000's

Particulars	As at 1 April 2010	Arsing during the period	Balance as at 30 September 2010
(i) Deferred Tax Liabilities			
Depreciation	516,936	(40,860)	476,076
(ii) Deferred Tax Assets			
a) Disallowance under section 43B of Income Tax Act	85,610	41,882	127,492
b) Provision for doubtful debts and Advances	69,206	(8,394)	60,812
c) VRS compensation	7,294	(1,585)	5,709
d) Demerger expenses	23,218	(1,694)	21,524
e) Others	8,305	59,932	68,237
Total (a+b+c+d+e) [i]	193,633	90,141	283,774
Deferred Tax Liability (Net) [i-ii]	323,303	(131,001)	192,302

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

Rs in 000's

Intangible Assets	Drawings & Designs	Computer Software	Technical Know-how	Development Expenditure	Total
Gross Carrying Amount					
As at 31 March 2010	158,104	65,348	23,088	14,300	260,840
Additions	--	--	--	--	--
Adjustments / Deductions	--	--	--	--	--
As at 30 September 2010	158,104	65,348	23,088	14,300	260,840
Amortisation					
As at 31 March 2010	138,922	52,478	4,392	5,702	201,494
For the period	1,288	4,194	1,923	2,383	9,789
Adjustments / Deductions	--	--	--	--	--
Up to 30 September 2010	140,210	56,672	6,315	8,085	211,283
Net Block					
As at 30 September 2010	17,893	8,676	16,773	6,215	49,557
As at 31 March 2010	19,182	12,870	18,696	8,598	59,346
a. Useful life	115 months	60 months	72 months	36 months	
b. Amortisation method	Straight Line	Straight Line	Straight Line	Straight Line	

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

Rs in 000's

Class of Provision	As at 1 April 2010	Provision made / Increase (Decrease) in Provision	Amounts used during the period	Amounts reversed during the period	Carrying amount as at 30 September 2010
Warranty	317,087	159,719	(86,990)	(24,600)	365,216

i. Nature of Obligation

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



ii. Expected Timing of resulting Outflow:

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

22. Company has outstanding currency option contracts (hedging instruments) which are bought by the company to hedge a part of its highly probable forecast export transactions. These currency option contracts are designated as cash-flow hedges in terms of Accounting Standard (AS 30) "Financial Instruments - Recognition and Measurement" prescribed by Companies (Accounting Standards) Amendment Rules, 2006. These currency option contracts are very likely to be ineffective, on applying the principles of hedge accounting as set out in AS-30. Hence the Mark to Market Losses recognized at the close of the previous year in the Hedging Reserve has been transferred to the profit & loss account during the current financial period and reflected as an exceptional item. Out of these Currency Option Contracts, Mark to market (MTM) loss (as per the computation provided by the Forex consultant) in respect of outstanding currency option contracts as at 30 September 2010 aggregate Rs 138,724,837/-. The balance in the Hedging Reserve as at 30 September 2010 is Rs Nil.
23. The Company is in the process of negotiating terms and conditions of sale with M/s Pierburg India Private Limited consequent to an offer to purchase the Company's Bearings Division, whose total assets and liabilities as on 30th September 2010 aggregate to Rs 686,000,014/- and Rs 217,716,193/- respectively. The Board of Directors of the Company have authorized the above, pursuant to a resolution passed in its meeting held on 21st October 2010. However, in the absence of a binding agreement and a detailed plan, the operations of the bearings business have not been identified as a discontinuing operation as yet, as per Accounting Standard (AS 24) "Discontinuing Operations" prescribed by Companies (Accounting Standards) Amendment Rules, 2006.
24. The Company has from the current year changed the method of providing depreciation in respect of Electrical Installation and Aircraft from Written Down Value basis to Straight Line Method with retrospective effect. The change has been brought about to ensure that all class of Assets for providing Depreciation are on Straight Line Method basis.

As a result of change in the method of computing, the charge for Depreciation is lower by Rs 77,048,847/- and the profit for the period is higher by an equivalent amount and reserves are higher by Rs 54,211,569/- net of deferred tax.

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

A. Associate Company

Kirtoskar Integrated Technologies Limited

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

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

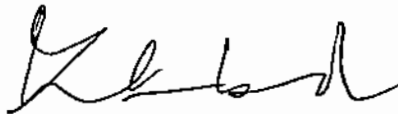
26. Current period figures being for six months from 1 April 2010 to 30 September 2010 are not comparable with those of previous year's which are for the period from 12 January 2009 to 31 March 2010.



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

As per our attached report of even date.

For and on behalf of the Board of Directors



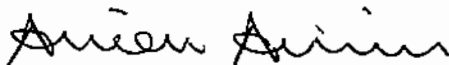
FOR DALAL & SHAH

Firm Registration number: 102021W Chartered Accountants
Chairman & Managing Director

ATUL C KIRLOSKAR



GAUTAM A KULKARNI
Joint Managing Director

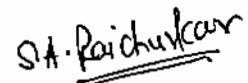


ANISH AMIN

Partner
Membership Number: 40451



SANJAY D PARANDE
Chief Financial Officer



SMITA RAICHURKAR
Asst Company Secretary

Pune : 15 December 2010

Pune : 15 December 2010

KIRLOSKAR OIL ENGINES LIMITED

Annexure referred to in Note No. 16 of Notes forming part of the Financial Statements
Segment reporting as required by Accounting standard 17:

(Rs. In '000)

Particulars		Period ended 30 Sep 2010	Period ended 31 March 2010
1 Segment Revenue			
a Engines		11,509,536	21,449,403
b Others		720,643	1,303,100
Total		12,230,179	22,752,503
Less: Inter segment revenue		82,101	143,070
Net Sales / Income from Operations		12,148,078	22,609,433
2 Segment Results			
Profit (+) / Loss (-) before tax and interest from each segment			
a Engines		1,249,009	2,656,535
b Others		84,564	239,708
Total		1,333,573	2,896,243
Less:			
i Interest		139,072	136,432
ii Other Unallocable expenditure net off unallocable income		(27,035)	125,265
Total Profit Before Tax		1,221,536	2,634,546
3 Total carrying amount of segment assets			
a Engines		12,526,770	12,283,603
b Others		3,451,541	3,272,260
Total Segment assets		15,978,311	15,555,863
4 Total amount of segment liabilities			
a Engines		4,348,297	4,546,751
b Others		423,487	1,185,673
Total segment liabilities		4,771,784	5,732,424
5 Capital Employed (Segment assets - Segment liabilities)			
a Engines		8,178,473	7,736,852
b Others		3,028,054	2,086,587
Total capital employed in the company		11,206,527	9,823,439
6 Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period			
a Engines		284,755	207,926
b Others		21,869	35,781
Total assets acquired		306,624	243,707
7 Depreciation & Amortisation			
a Engines		386,097	773,800
b Others		31,017	66,078
Total Depreciation & Amortisation		417,114	839,878



MANAGEMENT DISCUSSION & ANALYSIS

The Company was originally incorporated as a wholly owned subsidiary of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited) on 12 January 2009 with the purpose of transfer and vesting of Engines and Auto Components Business of KIL on going concern basis pursuant to the Scheme of Arrangement as approved by the Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with its order dated 19 March 2010.

Its main object is to carry on in India or elsewhere, the business as designers, researchers, developers, manufacturers, buyers, assemblers, modifiers, installers, reconditioners, sellers, hirers, sublessors, market makers, dismantlers, repairers, operators, exporters, importers, distributors and to act as agent, broker, adatia, consignor, C&F agent, indenting agent, representative, correspondent, franchiser, stockist, supplier, vendor, transporter, collaborator, export house or otherwise deal in engines of every description for the use of all kinds of engines including heat engines, internal combustion engines operated by any type of fuel and/ or gases including steam, boilers, locomotives, road rollers, automobiles, trucks, tractors, agricultural implements, pumps, gensets and all kinds and varieties of filters including air filters, water filters, oil filters, gas filters, filter elements, filter papers or any other products covered in the range of filters elements, and forging, pressing, stamping and roll – forming of metal; powder metallurgy.

Pursuant to the said Scheme, the Engines and Auto Components business of Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited) has been transferred to the Company with effect from 31 March 2010.

Since the Company was incorporated on 12 January 2010, the first financial year of the Company was ended on 31 March 2010. Therefore, no previous year comparisons are available.

For the business wise performance of the Company, kindly refer to the section Introduction as given on page no. 13 of this Information Memorandum.

For the factors which may affect the result of operations, kindly refer to the section Risk Factors as given on page no. 9 of this Information Memorandum.

SUBSIDIARIES

As on the date of this Information Memorandum, the Company has no Subsidiary.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

This section should be read in conjunction with the Section “Risk Factors”.

There are no outstanding material litigations against or any disputes, tax liabilities, non payment of statutory dues, overdue to banks/ financial institutions, defaults against banks/ financial institutions, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against KOEL.

No disciplinary action has been taken by SEBI / Stock Exchanges against KOEL, its subsidiaries, its directors, its promoters and the group companies.

Outstanding litigations, defaults and material developments

In terms of clause 9 of the Scheme of Arrangement, upon coming into effect of the scheme, all legal proceedings and any other proceedings (including arbitration) before any judicial authority or tribunal of whatsoever nature by or against the Transferor Company pending and / or arising on or after the effective date and pertaining to or in respect of the Engines and Auto Components Business, shall be continued and / or enforced by or the Resulting Company/Transferee Company after the Effective Date in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company/Transferor Company.

Accordingly, with the vesting and transfer of the Engines and Auto Components Business as per the terms of the Scheme of Arrangement, all legal proceedings relating to the same, have been transferred to the Company with effect from the effective date of the Scheme and shall become enforceable by or against KOEL.

The details of out standing litigation by or against the Company are as under:

Litigations against the Company

Sales Tax

1. KOEL, has filed a Appeal (64/05) on August 11, 2005 before the Maharashtra Sales Tax Tribunal, against the order of the Additional Commissioner of Sales Tax, Suburban Zone, Mumbai [No. Addl.CST/MSZ/REV/04-05/B-2] issued on June 27, 2005 for the Fiscal 1995-96 directing KOEL to pay an amount of Rs. 48,73,122 as differential additional tax on turnover of vehicle and tractor parts and disallowing a set-off made on the purchases from M/s Dhayreshwar Engineering Private Limited. The Tribunal has issued stay on September 19, 2005 in the matter. The matter has

been decided now by the Tribunal in the favour of KOEL by setting aside the notice for rectification. The sales tax department may file reference application against the order passed by the Tribunal.

2. KOEL has filed an miscellaneous and reference application (223 of 2005 & 105 of 2005) on 22nd November 2005 before the Maharashtra Sales Tax Tribunal against the judgment of the First Bench of the Maharashtra Sales Tax Tribunal (No. 467/2005) issued on October 19, 2005 for the Fiscal 1996-97 directing KOEL to pay an amount of Rs. 10,400,000 as differential additional tax on the turnover of vehicle and tractor parts, disallowing two set-offs made on the purchases from M/s Dhayreshwar Engineering Private Limited and on the basis of revised stock transfer ratio respectively and charging an interest under Section 36(3)(a) of the Bombay Sales Tax Act, 1959, for the non-payment of tax due. Tribunal larger bench order dated 21st August 2007 passed order deciding that the Bearing will be covered by entry no. C-II-146 attracting sales tax @ 13%. Tribunal order dated 5th October 2007 against Misc. Application no. 223 of 2005 and rectification application stated that (i) assessing authority should do the necessary verification of facts and bring on record the precise details of non-payment of tax with reference to particular purchase transaction on which KOEL has claimed set-off. (ii) The branch transfer ratio considered by the department is set-aside and assessing authority should verify and rework the branch transfer ratio. Tribunal in the order dated 12th November 2007 held that the bearings will be covered under schedule C II 146 and can not be under C II 135 read with notification entry no. A35 (2). The assessing authority should decide Dhyreshwar 41D issue as per the Tribunal order dated 19th October 2005 and Misc. Application no. 223 to 224 decided on 5-10-2007. Reference application no. 316 dated 20-12-2007 based upon the Tribunal order dated 12-11-2007 was filed with a request to Tribunal to refer the issue of bearings to the High Court that whether Tribunal was justified in holding the bearings sold by KOEL were covered by entry C-II-102 (2) as auto parts and C-II-135 as tractor parts read with entry A-35 of the notification issued under section 41 of the BST Act. As per our request the reference application withdrawn in lieu of new reference application no. 316. Bearing issue referred to High Court. The matter is currently pending before the High Court.
3. KOEL has filed an miscellaneous and reference application (224 of 2005 & 106 of 2005) on 22nd November 2005 before the Maharashtra Sales Tax Tribunal against the judgment of the First Bench of the Maharashtra Sales Tax Tribunal issued on October 19, 2005 for the Fiscal 1997-98 for differential additional tax on the turnover of bearing as a vehicle and tractor parts, disallowing set-offs made on the purchases from M/s Dhayreshwar Engineering Private Limited and disallowance of set-off on goods on material procured and used in captive consumption, totaling to Rs.22.19 lacs. Tribunal larger bench passed order dated 21st August 2007 deciding that the Bearing will be covered by entry no. C-II-146 attracting sales tax @ 13%. Tribunal order dated 5th October 2007 against Misc. Application no. 224 of 2005 stated that (i) assessing authority should do the necessary verification of facts and bring on record the precise details of non-payment of tax with reference to particular purchase transaction on which KOEL has claimed set-off. (ii) Bearings issue referred to larger bench (iii) Captive consumption issue referred to assessing

authority. Tribunal in the order dated 12th November 2007 held that the bearings will be covered under schedule C II 146 and can not be under C II 135 read with notification entry no. A35 (2). The assessing authority should decide Dhyreshwar 41D issue as per the Tribunal order dated 19th October 2005 and Misc. Application no. 223 to 224 decided on 5-10-2007. Reference application no. 317 dated 20-12-2007 based upon the Tribunal order dated 12-11-2007 was filed with a request to Tribunal to refer the issue of bearings to the High Court that whether Tribunal was justified in holding the bearings sold by KOEL were covered by entry C-II-102 (2) as auto parts and C-II-135 as tractor parts read with entry A-35 of the notification issued under section 41 of the BST Act. As per our request the reference application withdrawn in lieu of new reference application no. 316. Bearing issue referred to High Court. The matter is currently pending before the High Court.

4. KOEL has filed an appeal (SA 355/03) on February 15, 2003 before the Maharashtra Sales Tax Tribunal against the order of Deputy Commissioner of sales tax, Pune [No. PC/APP/PN/A-55/02-03 284] issued on December 5, 2002 for the Fiscal 1998-99 levying an interest under Section 36(3)(a) of Bombay Sales Tax Act, 1959 in relation to sale of tractor parts aggregating to an amount of Rs. 1,042,071. The matter is currently pending for hearing before the tribunal.
5. KOEL has filed an appeal (A 35/03-04) on June 19, 2003 before the Commissioner (Appeals), Pune, challenging the order of Asst. Commissioner of sales tax (Admin) Pune assessment order dated March 27, 2003 issued for the Fiscal 1999-2000 in relation to (i) incorrect calculation of turnover while levying differential tax on sale on sale of Bearings as Tractor parts. The authority erroneously computed the turnover on monthly average basis instead of the actual turnover for the relevant period which has resulted in the differential sales tax liability to the tune of Rs.1,85,816/- (ii) Incorrect calculation of turnover of sale of bearing as vehicle parts which has resulted in differential tax levy of Rs.23,84,329/- (iii) additional refund of sales tax charged by M/s. Shivaji Works Ltd., Solapur on account of merger of M/s. Shivaji Works with KOEL as per Bombay Sales Tax Act, 1959. It has been contested that after the amalgamation the transactions of purchase/sale between the amalgamating units has to be treated as transactions between two divisions of same units and accordingly in the present case the sales made by erstwhile Shivaji Works Ltd., Solapur during the period from 1-4-1999 to 16-12-1999 to KOEL, Pune after charging applicable tax, surcharge, turnover tax have to be treated as stock transfer and hence not chargeable to any type of tax. The relevant amount of sales tax, surcharge and turnover tax on the same for the said period is to the tune of Rs.1,06,69,785/-. The matter is currently pending for hearing before the Joint Commissioner of Appeals, Pune.
6. KOEL has filed an appeal (No. JC/APP/PN/CA/198/2009-2010/B-621) on 22-5-2009 before the Joint Commissioner of Sales Tax (Appeal), Pune, challenging the assessment order dated 30-3-2009 passed by Sr. Deputy Commissioner of Sales Tax (Assessment), Pune issued for fiscal year 2003-2004 in relation to (i) disallowance of sales turnover reported as 'sale in transit' exempted from tax under the Central Sales tax act in respect of purchases made from vendors located within

the State of Maharashtra and dispatched to our customers located outside the State of Maharashtra. The claim of sale in transit of goods dispatched by local vendors disallowed is to the tune of Rs.6,29,00,030/- and was subjected to tax @ 4% amounting to Rs.25,16,001/- which shall be refunded to KOEL (ii) Claim of sale in transit supported by C Forms but not supported by E-I Forms is to the tune of Rs.70,64,370/- on which demand of sales tax is Rs.2,82,575/- which shall be refunded to KOEL (iii) Claim of sales turnover not supported by Form C and Form D is to the tune of Rs.1,31,65,328/- which has been taxed @ 8% amounting to Rs.10,53,226/- which shall be subjected to tax @ 4% and remaining amount to be refunded to KOEL. The matter is currently pending before the Joint Commissioner of Sales Tax, Appeals, Pune for further hearing and disposal.

7. KOEL has filed an appeal (No. JC/APP/PN/CA/143/2010-11) on 18-5-2010 before the Joint Commissioner of Sales Tax (Appeal), Pune, challenging the assessment order dated 31-3-2010 passed by Sr. Deputy Commissioner of Sales Tax (Assessment), Pune issued for fiscal year 2004-2005 in relation to disallowance of sales turnover reported as 'sale in transit' exempted from tax under the Central Sales tax act in respect of purchases made from vendors located within the State of Maharashtra and dispatched to our customers located outside the State of Maharashtra. The claim of sale in transit of goods dispatched by local vendors disallowed is to the tune of Rs.9,56,00,555/- The matter is currently pending before the Joint Commissioner of Sales Tax, Appeals, Pune for further hearing and disposal.
8. KOEL has filed second appeal [Appeal No.: O. J. C. NO 17937 of 1997] before High Court at Cuttack against the earlier order of the Deputy Commissioner (Appeals), and Sales Tax Tribunal (Bhubaneswar, Orissa) directing to pay differential tax on sale of pump set as bare pump & bare engine as the set was dispatched in CKD condition in relation to KOEL's sales tax registration and imposing a penalty of Rs. 9,200,000. The order of the deputy commissioner has been stayed by the High Court and the matter is currently pending completion of hearing before the High Court.
9. KOEL has filed Writ petition no. W.P. (C) no. 13552 of 2007 before High Court of Orissa, Cuttack challenging the validity of Orissa Entry Tax act, 1999 and for striking down the provisions of the Act as ultra virus. The writ petition was dismissed by the Division Bench of the High Court of Orissa, Cuttack by common judgment and final order dated 18-2-2008. Though the High Court held that goods imported from other States should not attract Entry Tax but held that levy of entry tax is correct in general. Special Leave Petition against this judgment is filed before Supreme Court by KOEL. Supreme Court in interim judgment ordered that one third of the outstanding amount of entry tax as on 30th September 2009 shall be paid on or before 31st March 2010 and the said tax paid will be treated as deposit by the Orissa Govt. and not a tax till hearing and final disposal of matter. The tax for the month of October 2009 onwards will also be required to be paid in the said manner. It is made it clear that, if the State loses the case, it shall refund the amount with interest which shall be fixed by the Court. The Division Bench of High

Court issued interim order for issuing notices and keep the same in abeyance till further orders. The total amount in this case is Rs.20,02,318 till Sept-2009.

10. The Karnataka Govt. introduced Special Entry Tax on certain items including "Furnace Oil" w.e.f. 1-10-2004. The act also provides exemption for raw materials procured for manufacturing. Soon after introduction of Special Entry Tax lot of dealers including KOEL filed a Writ petition in the Karnataka High Court challenging the constitutional validity of this levy and also challenging the departmental contention that the Furnace Oil is not a raw material. Single Member Bench of Karnataka High Court accepted the contention that the levy was invalid. Department issued notice demanding entry tax of Rs.34.88 lacs for the period from October 2004 to December 2004, which has been set aside by the single member Bench of the Karnataka HC. Govt. of Karnataka moved a petition in the Karnataka High Court before Divisional Bench challenging the order passed by the single member. The matter is pending before Karnataka High Court.
11. One number Engine dispatched as "free supply" to our service dealer M/s. Malabar Techno Controls, Calicut was seized by the Commercial Tax Inspector, Commercial tax Checkpost, Walayar, Kerala. Notice no. 2591/10/07-08 dated 12.12. 2007 was issued for demand of security deposit in cash and entry tax. The matter was contested and reply was filed for by KOEL for waiving the entry tax and security payment in case. Material was released on submission of bank guarantee for Rs.98,380/- as security deposit. The matter is pending before Kerala Checkpost authorities for disposal.
12. KOEL has filed the appeal before the Additional Commissioner (Appeals), Lucknow and Tribunal, Commercial tax, Lucknow against the assessment orders passed by the Joint Commissioner, Corporate, Commercial Tax, Lucknow for the year 2005-2006 disallowing the claim stock transfer duly supported by Form F, interstate sale against Form C, rejecting the claim of concessional tax against Form 3B etc. The demand notice for recovery of differential UPTT and CST for Rs.11,39,699/- was issued. Stay has been obtained (stay order dated 6-11-2009 and 29-1-2010) against the recovery of differential tax by submitting the bank guarantee for 80% / 90% of the demand and balance by depositing the tax with the Govt. The matter is pending before the Tribunal and Appellate authority for hearing and disposal.
13. KOEL has filed the appeal before Commissioner of Value Added Tax, Daman challenging the order of assessment for the year 2004-2005 passed by the Asstt. Commissioner of Value Added Tax, Daman [Order dated 31-3-2009] disallowing the claim of stock transfer which resulted in demand of differential tax amounting to Rs.86,716/-. The matter is pending before the Commissioner of Sales Tax for hearing.
14. KOEL has filed the appeal before the Additional Commissioner, Appellate authority, Division III, Indore, M.P. against the order dated 30-7-2010, received by KOEL on 16-9-2010 passed by the assessing authority under the Central Sales Tax Act challenging the levy of differential CST amounting to Rs.87,16,772/- including

token penalty on account of non-receipt of sales tax declaration forms. The matter is pending before the Appellate authority for hearing and disposal.

15. KOEL has filed the appeal before the Additional Commissioner, Appellate authority, Division III, Indore, M.P. against the order dated 30-7-2010, received by KOEL on 16-9-2010 passed by the assessing authority under the Madhya Pradesh VAT Act challenging the levy of VAT including interest amounting to Rs.9,78,896/- on account of best judgment assessment of turnover representing "Accessories" for pump sets. The matter is pending before the Appellate authority for hearing and disposal.

16. KOEL has filed the appeal before the Additional Commissioner, Appellate authority, Division III, Indore, M.P. against the order dated 30-7-2010, received by KOEL on 16-9-2010 passed by the assessing authority under the Madhya Pradesh Entry Tax Act challenging the levy of Entry Tax including interest amounting to Rs.1,08,928/- on account of levy of Entry Tax on the CST turnover arbitrarily. The matter is pending before the Appellate authority for hearing and disposal.

Octroi

1. The matter is pending before the Court of Civil Judge Senior Division, Pune on the disputed levy of Octroi @ 3% by PMC on 'Castings' procured by KOEL as against the Octroi paid @ 2.5% as per the rate schedule. The matter is pending before the authority for hearing and disposal. The total amount involved is Rs.3,80,04,063/-.

Central excise & Service tax proceedings

1. The Commissioner of Central Excise (Appeals), Pune passed an order (No. O-I-A No: P-III/451/05-20.12.2005) dated December 20, 2005 in favour of KOEL, by allowing Service tax credit of Rs.16,31,700/-(Including Penalty) availed on Royalty service which was denied. The Department filed Appeal against the KOEL. KOEL, preferred a cross objection on June 25, 2006 against the aforesaid department Appeal before the CESTAT, Mumbai. The case is now pending before the CESTAT.

2. The Commissioner of Central Excise (Appeals), Pune passed an order (No. O-I-A No: P-III/312/2005) dated September 21, 2005 in favour of KOEL, by allowing Appeal and rejecting duty demand on intermediate product differential duty along with penalty total Rs.29,79,461/-. The Department filed Appeal against the KOEL. KOEL, preferred a cross objection on April 14, 2006 against the aforesaid department Appeal before the CESTAT, Mumbai. The case is now pending before the CESTAT.

3. The Commissioner of Central Excise (Appeals), Nasik passed an order (No. CEX.XI/JMJ/19/916/NSK/APL/2004) dated January 23, 2004 in favour of

KOEL, denied the demand of payment of excise duty of Rs.3, 21,000/- on erection and commissioning charges of engines supplied by KOEL to its customer. The Department filed Appeal against order passed by Commissioner (Appeals) before CESTAT, Mumbai. The case is now pending before the CESTAT.

4. The Commissioner of Central Excise (Appeals), Nasik has passed an order (No. 15/CEX/2002) dated May 27, 2002 against KOEL, for the reversal of cenvat credit availed by KOEL under the erstwhile Rule 57CC of the Central Excise Rules, 1944 claiming an amount of Rs. 4,303,691. KOEL preferred an appeal (No. E/25/06/MUM) before the CESTAT, Mumbai, against the aforesaid order and the case is currently pending on file.
5. The Commissioner of Central Excise (Appeals), Pune passed an order (No. O-I-A No: PIII/57/09) dated March 25, 2009 against KOEL, demand of duty of Rs.8,74,236/- (Including Penalty) on 50% reimbursement of Advertisement expenses given to dealer. KOEL, preferred an appeal (No. E/932-09-MUM) dated August 13 ,2009 against the aforesaid order before CESTAT,Mumbai . The case is now pending before the CESTAT.
6. The Commissioner of Central Excise (Appeals), Pune passed an order (No. O-I-A No: PIII/VM/121/09) dated July 28, 2009 against KOEL, demand of duty of Rs.96,300/- (Including Penalty of Rs.2,000/-) on 50% reimbursement of Advertisement expenses given to dealer. KOEL, preferred an appeal dated October 23, 2009 against the aforesaid order before CESTAT,Mumbai . The case is now pending before the CESTAT.
7. The Commissioner of Central Excise (Appeals), Pune passed an order (No. O-I-A No: PIII/VM/121/09) dated July 28, 2009 against KOEL, demand of duty of Rs.96,300/- (Including Penalty of Rs.2,000/-) on 50% reimbursement of Advertisement expenses given to dealer. Department filed appeal (R/02/09-29.4.09) before CESTAT against the OIA in which penalty charged less by 92,300/- instead of equivalent penalty of Rs.96,300/-. KOEL preferred an Appeal on October 23, 2009 against the aforesaid order before the CESTAT, Mumbai. The case is now pending before the CESTAT.
8. The Asst.Commissioner of Central Excise , Ahmednagar passed an order No: 02/CEX/2010 dated March 26, 2010 against KOEL, denied Service tax credit on Garden Maint. Services of Rs.76,030/-(Including Penalty). KOEL, preferred an appeal before Commissioner (Appeals), against the aforesaid order. The case now pending before the Commissioner (Appeals).
9. The Commissioner of Central Excise (Appeals), Aurangabad passed an order No : 51/cex/2008 dated September 24, 2008 in favour of KOEL, by allowing Service tax credit on Outdoor catering services of Rs.3,00,906/-(Including Penalty) as Input Service. The Department filed Appeal against the KOEL. The case is now pending before the CESTAT.

10. The Joint Commissioner of Central Excise, Kolhapur has issued a show cause notice (No. V(84)15-5/Adj/kop/10-) to KOEL on February 15, 2010, demanding Interest and duty on wrong / excess availment of Cenvat credit of Rs.9,85,534/- KOEL on April 4, 2010 filed its response to the notice contesting that duty reversed immediately after pointing out and It is well settled law that when there is no utilization of credit, assessee is not liable to pay interest. The case is currently pending before the issuing authority.
11. The Joint Commissioner of Central Excise, Kolhapur has issued a show cause notice (No. V(84)15-160/Adj/KOP/09) to KOEL on March 26, 2010, denied Service Tax credit of Rs.42,86,497/- availed on Construction service bills of Site Development and Road Construction as not an "Input Service". KOEL on April 6, 2010 filed its response to the notice contesting that this service falls within the definition of Input Service as per Rules and credit availed rightly on said services. The case is currently pending before the issuing authority.
12. The Addl. Commissioner of Central Excise, Pune has issued a show cause notice (No. V(84)15-49/Adj/ADC/09/958) to KOEL on April 2 , 2009. Demand of Rs.27,11,481/-for reversal of Cenvat credit on shortage of Inputs / WIP, found short as per physical stock verification and book records reported in Cost Audit report. KOEL on April 22, 2009 filed its response to the notice contesting it is well settled law if there are minor variation (In our case 0.14% of the total material consumption) in the stock of Inputs between physical & books, Cenvat credit need not be reversed. The Addl.commissioner passed order dated March 23 ,2010 confirming the demand of Rs.27,11,481/- along with equal amount of penalty of Rs.27,11,481/-. Appeal before Commissioner (Appeals) will be filed shortly.
13. The Addl. Commissioner of Central Excise, Pune has issued a show cause notice (No. VGN(30)STC/P-III/GR.III/KOEL/AR-256/06/391) to KOEL on April 22 , 2007, demand of Service Tax of Rs.21,92,791/- on Commission paid by KOEL to Commission Agent to obtain Export order. KOEL on June 22, 2007 filed its response to the notice contesting that there is no liability to pay Service Tax on import of services for period prior to 18.04.2006. The responsibility of the service recipient in India for payment of service tax has been determined as 18.04.2006 by the Supreme Court order dated December 14,2009. The case is currently pending before the issuing authority.
14. The Addl.Commissioner of Central Excise, Pune has issued a show cause notice (No. VGN(30)/KOEL/STC/06/1359) to KOEL on October 24 , 2006, demand of Service Tax of Rs.3,91,597/- demand of Service Tax on Tech. Consultancy on Services rendered by M/s.AVL ,Austira. KOEL on November 27, 2006 filed its response to the notice contesting that there is no liability to pay Service Tax on import of services for period prior to 18.04.2006. The responsibility of the service recipient in India for payment of service tax has

been determined as 18.04.2006 by the Supreme Court order dated December 14,2009. The case is currently pending before the issuing authority.

- 15.The Addl.Commissioner of Central Excise, Pune has issued a show cause notice (No. VGN(30)/KOEL/CER1/06/4596) to KOEL on December 28 , 2006, demand of Service Tax of Rs.8,14,580/- under Consulting Engg.services on Services rendered by M/s.AVL ,Austira. KOEL on January 31, 2007 filed its response to the notice contesting that there is no liability to pay Service Tax on import of services for period prior to 18.04.2006.The responsibility of the service recipient in India for payment of service tax has been determined as 18.04.2006 by the Supreme Court order dated December 14,2009. The case is currently pending before the issuing authority.
- 16.The Addl.Commissioner of Central Excise, Pune has issued a show cause notice (No. VGN(30)AR-395/04/06/277) to KOEL on April 18 , 2007, demand of Service Tax of Rs.5,75,420/- under IPR services on Royalty received from M/s.Swaraj Engines. KOEL on May 25, 2007 filed its response to the notice contesting that there is no liability to pay Service Tax prior to 10.09.2004 before existence of IPR services. The case is currently pending before the issuing authority.
- 17.The Asst.Commissioner of Central Excise, Pune has issued a show cause notice (No. VGN(84)15-127/Adj/ADC/2009) dated November 9, 2009 against KOEL, denied Service tax credit of Rs.13,73,362/- on Outdoor catering and Mandap keeper services. KOEL on December 11, 2009 filed its response to the notice contesting that as per the definition given in Rule 2(l) of Cenvat Credit Rules 2004, KOEL rightly availed admissible Cenvat credit on input services and the said Services forms part of cost of production and ultimately when the finished goods are cleared from our factory, the excise duty is paid including the subject element of cost. The case is currently pending before the issuing authority.
- 18.The Asst. Commissioner of Central Excise, Pune has issued a show cause notice (No. VGN(30)STC/PIII/GR.III/KOEL/AR-304/05/2715) to KOEL on December 10 , 2007, demand of Service Tax of Rs.5,53,505/- on Commission paid by KOEL to abroad Commission Agent to obtain Export order. KOEL on January 29, 2008 filed its response to the notice contesting that there is no liability to pay Service Tax on import of services for period prior to 18.04.2006.The responsibility of the service recipient in India for payment of service tax has been determined as 18.04.2006 by the Supreme Court order dated December 14,2009. The case is currently pending before the issuing authority.
- 19.The Deputy Commissioner of Central Excise, Ahmednagar has issued to KOEL a show cause notice (No. 66/CEX/04-05) dated January 18, 2005 denying modvat credit on capital goods of Rs. 130,555 availed on Hydraulic

oil used in machineries. KOEL on February 14, 2005 filed its response to the notice contesting that capital goods credit on hydraulic oil is legally permissible. The case is currently pending on the file of the Deputy Commissioner of Central Excise, Ahmednagar.

20. The Assistant Commissioner of Central Excise, Nashik has issued a show cause notice (No. VCH (84) 15-37/ADJ/03/3276) to KOEL on November 13, 2003, demanding payment of excise duty on erection and commissioning charges of engines supplied by KOEL to its customer, thereby claiming Rs.200,000. KOEL has on December 10, 2005 filed its response to the notice contesting that erection and commissioning charges will not attract excise duty based upon settled Supreme Court decision. The case is currently pending before the issuing authority. This case is transferred in the call book of the dept. since dept has gone in appeal in the similar case which is decided by the Commissioner in favour of us and tribunal decision is pending.
21. The Asst. Commissioner of Central Excise, Nashik has issued a show cause notice (No. VCG (85) 15-50/Adj/08/741) to KOEL on May 14, 2008, against KOEL, denied Service tax credit of Rs.1,21,738/- on Outdoor catering services. KOEL on May 29, 2008 filed its response to the notice contesting that as per the definition given in Rule 2(l) of Cenvat Credit Rules 2004, KOEL rightly availed admissible Cenvat credit on input services and the said Services forms part of cost of production and ultimately when the finished goods are cleared from our factory, the excise duty is paid including the subject element of cost. The case is currently pending before the issuing authority.
22. The Commissioner of Central Excise (Appeals), Aurangabad passed an order (No. RKR(131) 32/08) Dated March18,2008 against KOEL, denied Service tax credit on Outdoor Catering services of Rs.4,21,250/-(Including Penalty). KOEL, preferred an appeal (No. E/385/08-MUM) against the aforesaid order before CESTAT,Mumbai . The CESTAT,Mumbai remanded case to original authority for fresh decision vide order (No. A/157/09/smb/c-iv) dated April 10, 2009. The case now pending before the original authority.
23. The Commissioner of Central Excise (Appeals), Aurangabad passed an order ((No. RKR(131) 32/08) Dated March18,2008 against KOEL, denied service tax credit on Outdoor catering services of Rs. 3,86,250/- by imposing Penalty of Rs.35,000/- . Department filed Appeal for imposing less penalty by Rs.3,51,250 /- instead of equal penalty of Rs.3,86,250 /- in above said OIA. KOEL, preferred an cross objection against the aforesaid Appeal before CESTAT,Mumbai . The CESTAT,Mumbai remanded case to original authority for fresh decision vide order (No. A-295//09/SMB/C-IV) dated April 20, 2009. The case now pending before the original authority.

24. The Commissioner of Central Excise (Appeals), Pune passed an order (No. PI/399/2002) dated June 28, 2002 against KOEL, denying modvat credit of Rs. 77,046 availed on a bill of entry alleging that the modvat credit was availed by submitting copy of the bill of entry. KOEL, preferred an appeal (No. E/3239/02) on October 10, 2002 against the aforesaid order before the CESTAT, Mumbai. Having produced the original bill of entry, the CESTAT has remanded the matter to the Assistant Commissioner of Central Excise, Pune by order (No. A/136/IV/SMC/WZB/06) dated January 09, 2006, directing to verify the bill of entry and pass an appropriate order in the matter. The case is now pending before the Assistant Commissioner of Central Excise.
25. The Asst. Commissioner of Central Excise, Pune has issued a show cause notice (No. VGN(30)KOEL/CER2/06/4715) to KOEL on January 16, 2007, demand of Service Tax of Rs.34,906/- under Consulting Engg. services on Services rendered by M/s.AVL ,Austira. KOEL on January 31, 2007 filed its response to the notice contesting that there is no liability to pay Service Tax on import of services for period prior to 18.04.2006. The responsibility of the service recipient in India for payment of service tax has been determined as 18.04.2006 by the Supreme Court order dated December 14, 2009.. The case is currently pending before the issuing authority.
26. The Assistant Commissioner of Central Excise, Ahmednagar issued a Show Cause Notice No. 06/CEX/2010 - dated January 19, 2010 against KOEL, denied Service tax credit of Rs.1,20,212/- on Outdoor catering Services. KOEL on February 17, 2010 filed its response to the notice contesting that as per the definition given in Rule 2(l) of Cenvat Credit Rules 2004, KOEL rightly availed admissible Cenvat credit on input services and the said Services forms part of cost of production and ultimately when the finished goods are cleared from our factory, the excise duty is paid including the subject element of cost. The case is currently pending before the issuing authority.
27. The Assistant Commissioner of Central Excise, Ahmednagar issued a Show Cause Notice No. 6/CEX/09 dated July 1, 2009 against KOEL, denied Service tax credit of Rs.1,70,861/- on Outdoor catering Services. KOEL on August 5, 2009 filed its response to the notice contesting that as per the definition given in Rule 2(l) of Cenvat Credit Rules 2004, KOEL rightly availed admissible Cenvat credit on input services and the said Services forms part of cost of production and ultimately when the finished goods are cleared from our factory, the excise duty is paid including the subject element of cost. The case is currently pending before the issuing authority.
28. The Assistant Commissioner of Central Excise, Nashik issued a Show Cause Notice No. VCG (85) 15-50/Adj/2009 dated June 3, 2009 against KOEL, denied Service tax credit of Rs.28,852/- on Outdoor catering Services. KOEL

on June 22, 2009 filed its response to the notice contesting that as per the definition given in Rule 2(l) of Cenvat Credit Rules 2004, KOEL rightly availed admissible Cenvat credit on input services and the said Services forms part of cost of production and ultimately when the finished goods are cleared from our factory, the excise duty is paid including the subject element of cost. The case is currently pending before the issuing authority.

29. The Assistant Commissioner of Central Excise, Ahmednagar issued a Show Cause Notice No. 6/CEX/09 dated July 1, 2009 against KOEL, denied Service tax credit of Rs.1,70,861/- on Outdoor catering Services. KOEL on August 5, 2009 filed its response to the notice contesting that as per the definition given in Rule 2(l) of Cenvat Credit Rules 2004, KOEL rightly availed admissible Cenvat credit on input services and the said Services forms part of cost of production and ultimately when the finished goods are cleared from our factory, the excise duty is paid including the subject element of cost. The case is currently pending before the issuing authority.
30. The Assistant Commissioner of Central Excise, Ahmednagar issued a Show Cause Notice No. 49/CEX/2010 dated July 27, 2010 against KOEL, denied Service tax credit of Rs.84,300/- on Outdoor catering Services. KOEL on August 20, 2010 filed its response to the notice contesting that as per the definition given in Rule 2(l) of Cenvat Credit Rules 2004, KOEL rightly availed admissible Cenvat credit on input services and the said Services forms part of cost of production and ultimately when the finished goods are cleared from our factory, the excise duty is paid including the subject element of cost. The case is currently pending before the issuing authority.
31. The Assistant Commissioner of Central Excise, Rajkot issued a Show Cause Notice No. VGN(85)(4)21/mp/d/10/1584 dated 30.06.2010 against KOEL, denied credit of Rs.4,83,268/- due to Permission not obtained for Transfer of unutilized credit (From Fursungi to Rajkot). KOEL on August 25, 2010 filed its response to the notice contesting that KOEL has rightly availed the Cenvat credit after taken necessary permission under Rule 10 from Asst. Commissioner of Central Excise, Pune-IX-Division, Pune for transfer of unutilized credit. The case is currently pending before the issuing authority.

Customs proceedings

1. The Assistant Commissioner of Customs, Mumbai issued a Show Cause Notice No. S/10-32(249)EP/DRC/2010/LEO01 dated March 12, 2010 against KOEL, demand of drawback amount of Rs.4,874/- along with appropriate Interest due to non realization of Export proceeds. KOEL on April 5, 2010 filed its response to the notice contesting that export proceeds were realized well within the time and submitted the proof along with reply. The case is currently pending before the issuing authority.
2. The Deputy Commissioner of Customs, CFS-Mulund issued a Show Cause Notice No. S/6-B-Misc-6509-CFS/2010 dated March 9, 2010 against KOEL,

demand of drawback amount of Rs.36,69,899/- along with appropriate Interest due to non realization of Export proceeds. KOEL on April 10, 2010 filed its response to the notice contesting that export proceeds were realized well within the time and submitted the proof along with reply. The case is currently pending before the issuing authority.

3. The Assistant Commissioner of Customs, Mumbai issued a Show Cause Notice No. S/10-32(72)EP/DRC/2010/LEO01 dated March 9, 2010 against KOEL, demand of drawback amount of Rs.81,944/- along with appropriate Interest due to non realization of Export proceeds. KOEL on March 30, 2010 filed its response to the notice contesting that export proceeds were realized well within the time and submitted the proof along with reply. The case is currently pending before the issuing authority.
4. The Commissioner of Customs, Mumbai issued a Show Cause Notice No. S S/10-51/2008GR VII/DEEC/Monitoring cell dated December 2, 2008 against KOEL, demand on account of Non - Fulfilment of Export obligation under Adv.License of Rs.1,14,83,517/- KOEL submitted its reply dated 02.04.2009 stating that Export obligations completed well within the time along with EODC and requested to drop the show cause proceedings.
5. The Commissioner of Customs, Mumbai issued a Show Cause Notice No. 22/2008 dated 25.01.08 dated January 25, 2008 against KOEL, demand on account of dispute on Unauthorized export without LEO of Rs.21,59,510 /-. KOEL on February 23, 2008 filed its response to the notice contesting that the loading of goods without LEO is the mistake of shipping line and the Customs officer and therefore KOEL being the Exporter should not be penalized. The case is currently pending before the issuing authority.
6. The Assistant Commissioner of Customs, Mumbai issued a Show Cause Notice No. S/40-B-42/90-95 dated March 25, 1997 against KOEL(PKPL), demand on dispute of Bought out input from overseas supplier at concessional rate of tax ,however endues certificate not submitted of Rs.86,38,997/-. The case is currently pending before the issuing authority.

Consumer Disputes

There are 106 cases that have been filed against KOEL pending before various consumer forums across the country for manufacturing defects in the Engine and deficiency in services in respect of Engines consisting of medium and large sized engines. The amount claimed as compensation for defects in Small Engines is Rs.63 lacs, and Rs. 263.7 lacs for Medium Engines respectively. KOEL has filed its reply in the respective matters and the said are currently pending before the respective Forums.

Civil Proceeding against the Company

1. There are five cases that have been filed against KOEL, before various courts across the Country relating to manufacturing defects in the engines, gensets and turbines supplied by KOEL seeking compensation aggregating to Rs. 284 lacs. KOEL has filed its reply in the said Cases contesting the allegations and denying the amount of compensation. The matters are currently pending.
2. Somany Pilkinstone Ltd. (SPL) has filed a civil suit bearing no. 361/2000 on September 1, 2000 against KOEL and Solar Turbines, Singapore, in the Kolkata High Court for recovery of losses incurred by SPL and damages due to defect in the Gas Turbine supplied by KOEL. The amount claimed by SPL is Rs. 43 crores. The case is currently pending for filing of reply by KOEL and Solar Turbines.
3. Shree Rajasthan Syntex Ltd. (SRSL) has filed two civil suits bearing no. 15/2001 & 17/2001 on January 2, 2001 before the Udaipur Court against KOEL, alleging that the genset did not perform as per the guaranteed terms and has claimed Rs. 240 lacs plus interest at 18% per annum. SRSL has filed two applications for amendment in the both the suits for total claim amount of Rs. 740 lacs. The suits are, at present, pending for framing of additional issues before the aforesaid Court.
4. Jeevan Diesel filed a suit bearing no.178/2003 on July 17, 2003 before the subordinate Judge, Patna against KOEL seeking compensation of Rs. 1.1 lacs for non issuance of IX "C" Form to Jeevan Diesel for the year 2000-2001. KOEL has filed its reply in the Court contesting the charges and the matter is currently pending.
5. Dada Motors filed a rent petition vide no. 1615/05 before the Court of Rent Controller, Ludhiana, against KOEL, for eviction and recovery of rent for the premises, which KOEL had taken on lease from Dada Motors. Dada Motors prayed for the eviction order against KOEL. KOEL has filed its reply in the court contesting the charges and vacated the premises. The matter is currently pending before Court.
6. Mrs. Vig, wife of Mr. Rajesh Vig, Director of PKPL, filed a suit no. 280/1997 in April, 1997 before the Civil Judge, Senior Division, Nasik against KOEL for specific performance of the Agreement for Sale executed between Mrs. Vig and PKPL for sale of a flat which she alleges was executed on July 17, 1992. The matter is stayed by the Court.
7. Geekay Hatcheries has filed a civil suit bearing no. 1412/1999 on January 31, 1999 against KOEL and Diesel Power International before the City Civil Court at Chennai for recovery of damages relating to spares and servicing problems and advance paid for purchase for DG set. The amount claimed by Geekay Hatcheries is Rs. 2 lacs plus interest @ 24% p.a. on Rs. 1.2 lacs till

the date of payment. KOEL has filed its reply and the matter is currently pending before Court.

8. M/s Transwing Cargo Movers filed an appeal bearing no. 197/2008 on February 13, 2008 before the High Court of Judicature at Bombay against the order passed by the Court of Senior Division, Pune in the suit no. 647/1996 filed by The New India Assurance Co. Ltd. against KOEL and M/s Transwing Cargo Movers for recovery of damages due to accident to consignment. The matter is currently pending before High Court of Bombay.
9. Vrinda Lath has filed a civil suit bearing no. 42/2005 on February 23, 2005 against KOEL, Vrinda Trust and Vandana Rani before the Civil Court at Alipore, Kolkata for declaration and permanent injunction for transfer of 1100 shares of KOEL. The matter is currently pending.
10. M. P. State Coop. Marketing Federation (MARKFED) has filed a second appeal bearing no. 191/2005 on February 6, 2006 before the M. P. State Coop. Society, Bhopal against the order passed by the Court of Upper Registrar Coop. Society of M. P., Bhopal as first appeal no. 78-141/2002. The original claim was filed by KOEL for Rs. 18 lacs before Registrar of Cooperative society Bhopal. The matter is currently pending.
11. Debjyoti quoted for tender for supply of 450 Engines & Pump sets to Dakshin Dinajpur Zilla Parishad being a authorized dealer of KOEL for west Dinapur. However, due to Palco Hardware quoting at a lower rate, Debjyoti had to lower his quotation and suffered loss. Hence Debjyoti filed a recovery suit for Rs. 20.49 Lacs against KOEL. Due to the death of the Debjyoti, the said suit is pending for the filing of death certificate.
12. Dynamic Logistics Pvt. Ltd. (DL) filed a claim of Rs. 1775 lacs against KOEL for the loss suffered due to early termination of Agreement and for damage caused to its property. The DL has referred the matter before the Arbitration Tribunal. DL has filed a supplementary claim of Rs. 119 lacs towards damages.. KOEL has filed its reply and the matter was posted for admission of supplementary claim. In the meantime ,DL has made two application for amendment by which DL proposes to enhance the claim by Rs. 344 lacs towards lease rent and Rs.21 lacs towards Service Tax. However Arbitral tribunal has not yet allowed the proposed amendment.
13. Siyaram Brothers (Rajasthan) Ltd. has filed a suit bearing no.603/2007 in the High Court at New Delhi against KOEL for declaration, permanent injunction and damages of Rs. 57 lacs towards supply of goods by KOEL without the order from Siyaram. KOEL has filed its reply to the same. Siyaram Brothers have filed its Evidence Affidavit. The matter is kept for Cross examination by KOEL.
14. M/s Verma Tent House filed a second appeal bearing no. 80/2010 against KOEL before High Court of Allahabad. The Original civil suit and the appeal

filed by M/s Verma Tent House against KOEL for recovery against non working of Diesel engines were dismissed. Therefore, Verma Tent House has filed the Second Appeal in the High court of Allahabad. The said appeal is pending for admission before the Court.

Civil proceedings by the Company

1. There are eleven cases that have been filed by KOEL against Dealers, before various courts across the Country for recovery of Rs. 1590 lacs against the outstanding payments towards supply of small and medium engines and outstanding "C" forms liability. Dealers have appeared and filed their reply contesting the charges and the matters are currently pending before the courts.
2. KOEL has filed the suit vide no. 765/2002 against PMC to recover the excess amount of Octroi duty paid by KOEL to PMC. The Hon'ble Court directed KOEL to deposit an amount of Rs. 13.9 lacs and temporarily restrained PMC from charging the raw casting/forging imported by KOEL within its limits. KOEL has deposited the said amount in the court as directed by the Court. The matter is now posted for evidence of KOEL.
3. KOEL has filed a suit 1106/05 against PMC for illegal demand of the octroi on amount of VAT. PMC has filed its reply. The matter is posted for framing of issues.
4. KOEL has filed a suit vide no. 549/2002 & 363/2001 against Shree Rajasthan Syntex Ltd. (SRSL) before Civil Judge Senior Division, Pune for recovery towards illegal invocation of Bank Guarantee of Rs. 600 lacs by SRSL. Now, the matter is posted for hearing and filing of evidence affidavit by KOEL.
5. KOEL filed a claim against Dynamic Logistics (DL) for Rs.176 lacs together with interest towards loss of profit, diesel charges, Rent + logistic charges for alternative arrangements and for purchase of packing equipments + storing. DL also filed a counter claim along with its written statement claiming Rs. 77.40/- lacs and Rs 4,88,766 /- respectively. DL further filed an application for amendment to the counter claim claiming an amount of Rs. 6,11,322/- lacs towards various charges. However the Arbitral Tribunal has not yet allowed the proposed amendment.
6. There are two different suits filed by KOEL against State Bank of India vide no. O.S. 833/98 at Bangalore and against HDFC Bank vide no. C.S. 372/01 at Nashik for Rs. 13 lacs towards the misappropriation and withdrawal of amount from KOEL's account by the Ex –employees. The suit filed against HDFC is dismissed and KOEL has filed an appeal in the High Court of Bombay. The suit filed against State Bank of India is posted for evidence of State Bank of India.

7. KOEL has filed a suit no. 988/1990 against M/s M.K.Mehendale Transporter for Rs. 2 lacs towards the losses and damages caused due to accident in transporting the goods from Pune to Goa. Mehendale has filed its reply. The said matter is pending before the Court.
8. KOEL had filed a suit 278/1995 for Rs. 9 lacs against Mrs. Vibha Vig for recovery of possession and declaration that the agreement is illegal and unlawful. The said matter is decided against KOEL and KOEL has filed an appeal in the High Court, Bombay against said order.
9. KOEL has filed writ petition vide no. 13291/06 against State of Haryana before, High court of State of Punjab & Haryana at Chandigarh challenging the order passed by Commissioner of Octroi, Haryana demanding illegal Octroi. The said appeal is pending before Divisional Bench High Court State of Punjab & Haryana, Chandigarh.
10. KOEL filed a Civil misc. writ petition no. 58923/2006 before High court, Allahabad against the order passed in execution petition no. 257/2003 in favour of Sushil Kumar Sharma, Kanpur for the attachment of Bank account of KOEL. The said Writ Petition was dismissed. KOEL preferred an Appeal No. 3107 (S/C) of 2006 against the Order passed in Execution Petition 257 / 2003 before the State Consumer Forum, UP, Kanpur Nagar. KOEL has obtained the Stay to the execution proceeding till the final hearing of the aforesaid petition. The Matter is currently pending before the Court.

Criminal proceedings by the Company

1. There are fourteen criminal complaints that have been filed by KOEL against Dealers for the offence punishable under section 138 of NI Act (dishonor of cheques), before various JMFC courts across the Country towards the cheque issued by various dealers against their dues. Few cases are posted for return of summons and few cases are awaited for the appearance of dealers.
2. KOEL filed criminal complaint against Rajesh Vig vide no. C. 344 /95 for the offence punishable under sections 418,420,423,425,448 of IPC and under sect. 430 of Companies Act for non disclosure of relationship of interested party in the Board of Directors of PKPL before passing the resolution. The matter is stayed by the Court.
3. There are four criminal complaints filed by KOEL against Atul Bilgi (Ex-employee) for the offence punishable under sect.418, 420, 465, 467, 468 of IPC towards the cheating and fraud committed by Atul Bilgi in dealing with accounts of KOEL. The matter is posted for hearing before charge i.e. recording of evidence of KOEL.
4. There are two criminal complaints filed by KOEL against Shree Rajasthan Syntex Ltd. (SRSL) before JMFC court, Pune for dishonestly and fraudulently

invocation of Bank Guarantee inspite of compensating for their losses. Now, the matter is posted evidence of second witness of KOEL.

Criminal proceedings against the Company

1. Sudhir Gaikwad, (Labour inspector) filed a criminal complaint against KOEL in the JMFC Court, Khadki, Pune for the violation of the provision of Labour Law and paid less wages to the contract labour. Against the issue of process, KOEL filed a Criminal Revision Application before Hon'ble Session Court, Pune for quashing and set aside the said order issued by JMFC. The Hon'ble Session Court has exempted the appearance of aforesaid applicants till the recording of Plea and allowed their appearance through Advocate. On the writ petition filed by the Contractor in High Court, Bombay, Court has passed an ad-interim Order to stay the proceedings of JMFC. The said order will be confirmed on the deposit of amount deducted towards wages by Contractor.
2. Mr. I. N. Basu Roy Chowdhary (one of director of Siyaram) filed four criminal revision against KOEL challenging the order of issuance of process in four criminal complaints filed by KOEL against Siyaram and its directors for the offence punishable under section 138 of NI Act (dishonor of cheques).

Income Tax Litigation:

1. The CIT, Pune filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune upholding the contention of KOEL that the technical fees paid to foreign collaborators in the assessment years 1972-73, 1974-75 to 1976-77 was revenue expenditure and not a capital expenditure. The case is, at present, pending before the High Court, Mumbai. The tax amount involved in this case is Rs.16,69,526/-
2. The CIT, Pune filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune upholding the contention of KOEL that net dividend and not gross dividend received from a German Company in the assessment year 1974-75 is taxable in India. The case is, at present, pending before the High Court, Mumbai. The tax amount in this case is Rs.67,913/-
3. The CIT, Pune has filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune upholding the contention of KOEL permitting weighted deduction on expenditure for maintaining an export showroom at Mumbai in the assessment years 1974-75 and 1975-76. The case is, at present, pending before the High Court, Mumbai. The tax amount involved in this case is Rs.2,07,599/-
4. The CIT, Pune has filed an appeal against the order of the ITAT, Pune upholding the contention of KOEL that depreciation on aircraft at 40% as claimed in assessment years 1979-80, 1980-81, 1983-84, 1984-85 and 1986-87 and not at 30% is permissible. The High Court, Mumbai passed an

order in favour of the CIT, Pune but no demand has been raised on KOEL till date. The tax amount involved in this case is Rs.48,589/-

5. The CIT, Pune filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune seeking disallowance under Section 43B of the Income Tax Act, 1961 for non-payment of sales tax by KOEL in the assessment year 1986-87. The case is, at present, pending before the High Court, Mumbai and the tax amount is Rs.17,04,444/-
6. The CIT, Pune filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune upholding the contention of KOEL that the technical fees paid to foreign collaborators and Indian Company in the assessment years 1985-86 was revenue expenditure and not a capital expenditure. The case is, at present, pending before the High Court, Mumbai. The tax amount involved in this case is Rs.12,55,000/-
7. The CIT, Pune filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune upholding the contention of KOEL that depreciation is allowable on forklifts, Investment allowance is allowable on Designs & drawings and computers installed in office premises in the assessment year 1990-91. The case is, at present, pending before the High Court, Mumbai. The tax amount involved in this case is Rs.10, 50,369/-.
8. The CIT, Pune filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune for AY 1991-92 upholding the contention of KOEL that deduction for capital expenditure for Scientific Research is allowable on the basis of incurring the expenditure and sales tax collected to be excluded from total turnover for the computation of deduction under section 80 HHC of the I. Tax Act. The case is, at present, pending before the High Court, Mumbai. The tax amount involved in this case is Rs.19, 46,131/-.
9. The CIT, Pune filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune for AY 1992-93 upholding the contention of KOEL that deduction for voluntary donation is allowable as expenditure while computing business income and sales tax collected and excise duty to be excluded from total turnover for the computation of deduction under section 80 HHC of the I. Tax Act. The case is, at present, pending before the High Court, Mumbai. The tax amount involved in this case is Rs.7, 81,508/-.
10. The CIT, Pune filed an appeal before the High Court, Mumbai against the order of the ITAT, Pune for AY 1985-86 upholding the contention of KOEL that remission of the amount receivable Rs 1,54,00,000 /from Kirloskar Tractors Ltd is revenue expenditure. The case is pending before High Court, Mumbai. The disputed claim amount is for Rs 86,62,500/-.
11. The CIT, Pune has filed an appeal (No.ITA 82/PN/2001) before the ITAT, Pune for special incentive received by erstwhile Prashant Khosla Pneumatic Limited. (KOEL) to be treated as revenue receipt as against capital receipt as claimed by the KOEL (erstwhile Prashant Khosla Pneumatic Limited) for

assessment year 1997-98. The case is, at present, pending before the ITAT, Pune and the tax amount is Rs.8,60,000/-

12. The CIT, Pune has filed an appeal (No.ITA 342/PN/2003) before the ITAT, Pune challenging the allowances granted by Commissioner of Income Tax (Appeals) of specified investments under Section is, at present, pending before the ITAT, Pune and tax amount is Rs.12,59,79,136/-
13. The CIT, Pune has filed an appeal (No.ITA 176/PN/2004) before the ITAT, Pune in respect of Income Tax relief granted by BIFR under scheme of amalgamation with Shivaji Works Limited and allowed by CIT (Appeals), which was claimed by the KOEL for assessment year 1999-2000. The case is fixed for hearing on September 12,2006 by ITAT, Pune and the tax amount involved in this case is Rs.60,81,70,739/-
14. The CIT, Pune has filed an appeal (No.ITA 503/PN/2001) before the ITAT, Pune for seeking the revocation of deductions allowed by the CIT (Appeals) as claimed by the KOEL for the assessment year 2000-01. The case is, at present, pending before the ITAT, Pune. The tax amount involved in this case is Rs.2,29,90,541/-
15. The CIT, Pune has filed an appeal (No.ITA 884/PN/2006) before the ITAT, Pune for seeking the revocation of deductions allowed by the CIT (Appeals) as claimed by the KOEL for the assessment year 2000-01. The case is, at present, pending before the ITAT, Pune. The tax amount involved in this case is Rs.2,04,01,810/-
16. The CIT, Nashik has filed an appeal filed an appeal before ITAT, Pune for A.Y 2006-07, 2007-08 and 2008-09 against the order of the Commissioner (Appeals) upholding the contention of KOEL that tax is not required to be deducted at source on purchases of certain items as the same is contract for sale instead of works contract. The amount involved is Rs 1,66,17,451/-.

Labour Law Litigations

1. Mr. J. M. Tapkir – was a Trainee for 6 months from 20.01.90 to 19.07.90, He was reemployed after giving 3 days break & put on Probation for 6 months from 23.07.90 to 22.01.91. However he was discontinued on completion probation period, since his performance was not satisfactory. He filed complaint application before Hon'ble Labour Court at Ahmadnagar (ULP 16/91). Hon'ble Labour Court passed an ORDER in favour of Mr. Tapkir granting him relief with "Reinstatement with continuity of service without back wages OR payment of 2.5 yrs wages". KOEL filed Revision application before Hon'ble Industrial Court at Ahmadnagar (3/92) which dismissed. Mr. Tapkir filed Revision Application before the same court & has received favorable Order for continuity of service from 23.01.91 with 75 %back wages. On this KOEL has filed Writ Petition before Hon'ble High Court

at Aurangabad (Writ Petition No. 4015/93). Writ petition is admitted by the Hon'ble Court. Date of Hearing is awaited.

2. Mr. S. D. Gosavi – a permanent workman Discharged from company's services on 23.06.90 for man-handling an engineer after working hours & after holding Domestic Enquiry. He filed complaint application before Hon'ble Labour Court at Ahmadnagar (ULP 71/90) which rejected & an ORDER passed in favour of KOEL. He filed Revision application before Hon'ble Industrial Court at Ahmadnagar (11/92) & Reinstated Mr. Gosavi with continuity of service without back wages. On this KOEL has filed Writ Petition before Hon'ble High Court at Aurangabad (Writ Petition No. 3525/94) Writ petition is admitted by the Hon'ble Court. Date of Hearing is awaited.
3. Mr. P. S. Bankar – was a Trainee for 6 Months from 11.01.90 to 10.07.90, He was reemployed after giving 3 days break & put on Probation for 3 months from 17.07.90 to 13.10.90. However he was discontinued on completion probation period, since his performance was not satisfactory. He filed complaint application before Conciliation Officer, Ahmadnagar. Conciliation Officer referred the dispute to Hon'ble Labour Court, Ahmadnagar who ordered for reinstatement of Mr. Bankar as Probationer, in addition to payment of Rs 5000/- towards back wages. On this KOEL has filed Writ Petition before Hon'ble High Court at Aurangabad (Writ Petition No. 5171/01) & deposited Rs. 5000/- towards wages equivalent of 3 months. Mr. Bankar also filed an Interim Relief Application before High Court, Aurangabad & a Writ Petition against the Order of Labour Court, Ahmadnagar (Writ Petition No. 6024/04). Both the Writ petitions are admitted by the Hon'ble Court. Date of Hearing is awaited.
4. Mr. D. S. Karle (Trainee- from 10.02.97 to 09.08.97 & 14.06.098 to 13.12.98), Mr. A. B. Shisath (Trainee from 11.06.98 to 10.12.98) & Mr. R. B. Waikar (Trainee (22.07.095 to 21.02.97) have jointly filed complaint applications before Hon'ble Industrial Court, Ahmadnagar (ULP -411/1998). Similarly Mr. A. G. Guldagad (Temporary from 09.10.95 to 08.01.96 & Trainee from 24.10.96 to 23.04.97 & 21.09.98 to 17.12.98) filed complaint application (ULP425/98) before Hon'ble Industrial Court, Ahmadnagar. Both the complaint applications were dismissed by the Hon'ble Court. On this workmen have filed Writ Petition before Hon'ble High Court at Aurangabad (Writ Petition No.1166/1999 & 1657/1999). Writ petition is admitted by the Hon'ble Court. Date of Hearing is awaited.
5. Kirloskar Kamgar Sanghtana, Ahamadnagar has applied to ACL, Ahamadnagar against Company. The conciliation proceeding is pending before the Conciliation Officer (Asstt. Commissioner of labour), Ahmadnagar in r/o alleged differential amount dispute regarding Special Allowance w e from July 2007. Disputed amount works out to

Rs. 4298000/- up to Sept 10. The next date for hearing is scheduled on 15th Nov 2010.

6. Mr. Joshi was employed as Accounts Asstt. w.e.f. 15/12/96, he was confirmed in services w.e.f. 15/6/97. Mr. Joshi, was dismissed from the service w.e.f. 15/12/2001 after conducting Domestic Enquiry in to the charges fixed against him i.e. loss of confidence & his involvement in Bank fraud amounting to Rs.6.55 Lacs. The case was before the labour court , prayed for Reinstatement with continuity of service & full back wages from 15.12.2001. In this matter Labour court passed the order in favour of Complainant (Mr.Joshi), i.e. the enquiry held against the complainant is in utter disregard of Principles of Natural Justice. It is not in accordance with principles of Natural Justice. Hence it is not fair and proper .Accordingly the same is hereby set aside. Against the order of Labour court , Company have filed Revision Application In the Industrial Court ,Nashik.
7. T. Sutar V/S Kirloskar Oil Engines Limited – Case No. 313/2002. Mr Tanaji T. Sutar was an employee working in our Bearing Shop – charge sheeted for not obeying the orders from superiors. After holding the proper enquiry, he was dismissed by the Company on 18.04.2001. Mr Sutar approached to labour court. and filed the complaint No 313/2002 against KOEL for reinstatement with full back wages. At present the evidences stage is completed in the court. The arguments from the Advocates are due. The approx. contingent liability will be Rs. 14 /- lacs
8. Mr N. N. Kate & Ors. V/S Kabra – M K Industrial Catering Services (Ex Canteen Contractor) Case No. 178 / 2007. At the time of change of canteen contractor most of the employees of ex canteen contractor are absorbed by the new contractor. As such, the retrenchment compensation was not paid to these employees by Ex- Contractor. Some of the employees of M K Industrial Catering Services approached to the court for Retrenchment Compensation. As a Principal Employer we may have to pay RC amount. The R C liability is around Rs 18 /- lacs
9. Dy . Director, Industrial Safety V/S Kirloskar Oil Engines Limited, Case No. 20307/2007. A Contractors employee – Shaikh – was found unconscious while cleaning a tank – in our Fursungi plant. He expired before the car reached to Sasoon Hospital. The Deputy Director Industrial Safety & Health, has prosecuted the Occupier, under the Factories Act in C J M Court, Pune.
10. Government Labour Officer V/S Tirumala Hospitality Services & Kirloskar Oil Engines Ltd. Government Labour officer visited for the

inspection in KOEL. While checking the record of Tirumala Hospitality Services, our catering contractor , he objected for deductions towards providing food to his employees.. He filed a Criminal Case against THS & KOEL in J M F C Court. Tirumala Hospitality Services has filed Writ Petition in High Court, Mumbai. High Court has granted stay on proceedings in J M F C Court.

11. Mr D R Mahale & Ors. V/S Kirloskar Oil Engines Ltd. – Valve Plant, Nashik. Civil Appeal No 21117/2007 in writ petition 1727/2007. Mr D R Mahale & Others had joined , in our valve plant, Nashik, as Trainee in 1996. After that they were taken as Temp. workers & there after they were on Probation.. After the completion of Probation period they were relieved from the services of the Company in 1998 . Mr Mahale & Ors filed Writ Petition 1727/2007 in High Court, Mumbai after the judgments of Labour & Industrial Court. This WP, was dismissed by the Hon High Court. Hence , Mr Mahale & Ors made Civil Application 21117/2007 in Mumbai High court which is admitted in the High court.

The details of out standing litigation by or against its directors, its promoters and the group companies are as per the following details:-

A. Against the Directors:

1. Mr. Atul C. Kirloskar – Chairman and Managing Director

An appeal with the Commissioner of Income Tax (Appeals) for the Assessment Year 2007-08 is pending. Other than this, there are no outstanding litigations by or against Mr. Atul C. Kirloskar, Chairman of the company.

2. Mr. Gautam A. Kulkarni – Joint Managing Director

There are no outstanding litigations by or against Mr. Gautam A. Kulkarni, Director of the Company.

3. Mr. Rahul C. Kirloskar – Whole Time Director

There are no outstanding litigations by or against Mr. Rahul C. Kirloskar, Director of the Company.

4. Mr. R.R. Deshpande – Executive Director

There are no outstanding litigations by or against Mr. R.R. Deshpande, Director of the Company.

5. Mr. Nihal Kulkarni - Director

There are no outstanding litigations by or against Mr. Nihal Kulkarni, Director of the

Company.

6. Mr. A. N. Alawani - Director

There are no outstanding litigations by or against Mr. A. N. Alawani, Director of the Company.

7. Mr. H.M. Kothari - Director

There are no outstanding litigations by or against Mr. H.M. Kothari, Director of the Company.

8. Mr. U.V. Rao - Director

There are no outstanding litigations by or against Mr. U.V. Rao, Director of the Company.

9. Mr. R. Srinivasan - Director

There are no outstanding litigations by or against Mr. R. Srinivasan, Director of the Company.

10. Mr. M. Lakshminarayan - Director

There are no outstanding litigations by or against Mr. M. Lakshminarayan, Director of the Company.

11. Dr. Naushad Forbes - Director

There are no outstanding litigations by or against Dr. Naushad Forbes, Director of the Company.

12. Mr. P. G. Pawar - Director

There are no outstanding litigations by or against Mr. P.G. Pawar, Director of the Company.

B. Against the Promoters:

B 1. Individuals

1. Ms. Suman C. Kirloskar

There are no outstanding litigations by or against Ms. Suman C. Kirloskar, as on 30 September 2010.

2. Ms. Mrinalini S. Kirloskar

There are no outstanding litigations by or against Ms. Mrinalini S. Kirloskar, as on 30 September 2010.

3. Ms. Neeta Achyut Kulkarni

There are no outstanding litigations by or against Ms. Neeta Achyut Kulkarni, as 30 September 2010.

4. Mr. Atul C. Kirloskar

An appeal with The Commissioner of Income Tax (Appeals) for the Assessment Year 2007-08 is pending. Other than this, there are no outstanding litigations by or against Mr. Atul C. Kirloskar as on 30 September 2010.

5. Mrs. Arti A. Kirloskar

There are no outstanding litigations by or against Mrs. Arti Atul Kirloskar, as on 30 September 2010.

6. Mr. Sanjay C. Kirloskar

Litigations against Mr. Sanjay Kirloskar

1. There are about 12 criminal cases filed during the years 1999 to 2004 against Kirloskar Investment and Finance Limited (KIFL) and Mr. Sanjay C. Kirloskar for the repayment of fixed deposits under the Maharashtra Protection of Interests of Depositors (in Financial Establishments) Act, 1999 ("MPID") pending before various forums in the State of Maharashtra. During the tenure Mr. Sanjay Kirloskar officiated as a non-executive director of KIFL and had resigned from the board of the Company on July 31, 1998. During his tenure, there were no defaults by KIFL. Mr. Sanjay Kirloskar has filed his reply in each of the aforesaid cases and the same are pending on file at the various forums. Further, pursuant to the writ petition filed by Mr. Sanjay Kirloskar and others, the MPID Act has been declared ultra vires by the Hon'ble Mumbai High Court and the Maharashtra Government has appealed against such order which is currently pending at the Supreme Court.
2. The Bank of India and others have filed a case (O.A. No. 161/2000) against Kirloskar Investment and Finance Limited and Mr. Sanjay Kirloskar for recovery of amounts granted under financial assistance to Kirloskar Investment and Finance Limited of an aggregate amount of Rs. 388,500,000.
3. Two cases have been filed by Ms. Bhatt (No. 44/2000) and RS Rajamma and others (No.CD/130/2000) against Kirloskar Investment and Finance Limited

and Mr. Sanjay Kirloskar for the repayment of fixed deposits of an aggregate amount of Rs.143,000.

4. Two cases have been filed by Ms. M. R. Kasar and others (No. 392/2001) and Mr. T. D. Yadav and seven others (No. 529-536/99) against Kirloskar Investment and Finance Limited and Mr. Sanjay Kirloskar for the repayment of fixed deposits of an aggregate amount of Rs. 160,837.40.
5. The Office of the Deputy Director of Directorate of Enforcement issued nine show cause notices from January to September, 1986 against Mr. Sanjay Kirloskar in view of his directorship of KBL and KBL for contravention of Sections 8, 9, 14, 16, 18, 19 & 27 of FERA, 1973, after recovery of incriminating documents during search conducted on December 9, 1985. The grounds are similar to those listed out in the case described for KBL above. Final hearing was allowed for all the notices in April 2004 and written replies to various memoranda were filed from April 27, 2004 to April 30, 2004 on behalf of Mr. Sanjay Kirloskar. It was contended that Mr. Sanjay Kirloskar was not a director at the relevant time. The Deputy Director of Directorate of Enforcement by an order (No ADJ/855 TO 863/DD (AKL)/B/2004) dated July 21, 2004 imposed a total penalty of Rs.990,000. Mr. Sanjay C. Kirloskar, has appealed (Appeal Nos. 968, 969, 970, 971, 972, 973, 975/04) jointly with KBL before the Foreign Exchange Appellate Tribunal, New Delhi, challenging the order. The tribunal has by its order dated February 25, 2005 directed the appellants to deposit an amount equivalent to 30% of the penalty and the remaining 70% in the form of bank guarantee. The Tribunal vide its order has confirmed the due order of Deputy Director. The said order has been challenged by the company at the Hon'ble Bombay High Court. The Hon'ble Bombay High Court has granted a stay for the said order of Tribunal. The case would be heard separately by the High Court.

7. Mr. Rahul C. Kirloskar

There are no outstanding litigations by or against Mr. Rahul C. Kirloskar, as on 31 March 2010.

8. Mrs. Alpana R. Kirloskar

There are no outstanding litigations by or against Mrs. Alpana Rahul Kirloskar, as on 30 September 2010.

9. Mr. Gautam A. Kulkarni

There are no outstanding litigations by or against Mr. Gautam A. Kulkarni, as on 30 September 2010.

10. Mrs. Jyotsna G. Kulkarni

There are no outstanding litigations by or against Mrs. Jyotsna Gautam Kulkarni, as on 30 September 2010.

11. Mr. Vikram S. Kirloskar

There are no outstanding litigations by or against Mr. Vikram S. Kirloskar, as on 30 September 2010.

12. Ms. Roopa Gupta

There are no outstanding litigations by or against Mrs. Roopa Gupta, as on 30 September 2010.

13. Mrs. Geetanjali Kirloskar

There are no outstanding litigations by or against Mrs. Geetanjali Kirloskar, as on 30 September 2010.

14. Mrs. Pratima Kirloskar

There are no outstanding litigations by or against Mrs. Pratima Kirloskar, as on 30 September 2010.

15. Ms. Aditi Kirloskar

There are no outstanding litigations by or against Ms. Aditi Kirloskar, as on 30 September 2010.

16. Ms. Gauri Kirloskar

There are no outstanding litigations by or against Ms. Gauri Kirloskar, as on 30 September 2010.

17. Mr. Alok Kirloskar

There are no outstanding litigations by or against Mr. Alok Kirloskar, as on 30 September 2010.

18. Ms. Alike Kirloskar

There are no outstanding litigations by or against Ms. Alike Kirloskar, as on 30 September 2010.

19. Mr. Aman Kirloskar

There are no outstanding litigations by or against Mr. Aman Kirloskar, as on 30 September 2010.

20. Ms. Rama Kirloskar

There are no outstanding litigations by or against Ms. Rama Kirloskar, as on 30 September 2010.

21. Ms. Manasi Kirloskar

There are no outstanding litigations by or against Mrs. Geetanjali Kirloskar, as on 30 September 2010.

B. Against the Group Companies

1. Kirloskar Industries Limited (KIL)

Outstanding litigations against KIL as on 30 September 2010

a) Civil Cases filed against KIL

PMC had filed an Appeal bearing no. 518/2004 on August 24, 2004 before the Additional District Judge, Pune against the Exparte Order passed by the Court of Senior Division, Pune in the Original Suit no. 1092/2003 filed by KIL seeking Declaration, Injunction and Recovery against PMC for the alleged recovery of land development charges from KIL. The matter is pending for hearing before the Additional District Judge, Pune. While the matter was pending for final arguments, KIL has filed an Application for additional documentary evidence. Now the matter is posted for say and Arguments.

b) Civil Cases filed by KIL

1. There are three different Suits filed by KIL against Raichand Brijlal Kunkolol vide Suit no.1932/2005 at Pune, Mahadeo D. Bahirat vide App. no. 847 / 01 at Mumbai and Micro Supreme Auto Industries vide Suit no. 873/2009 at Pune, (hereinafter referred as defendants) for declaration and injunction against the above parties towards illegal encroachment on the property of KIL. Defendants appeared and filed their reply. Now the matter is posted for inspection of property by competent authority and for further evidence. The matters are currently pending before its respective Courts.
2. KIL filed a claim petition against Enercon before Arbitration Tribunal for recovery of Rs. 82829315/- towards the losses suffered by KIL during the period of non functioning of wind mills. Enercon filed its Amended Claim Petition as per the directions of the Arbitral Tribunal. KIL filed its Counter

Reply to the said amended Claim Petition. The matter is posted for hearing of the Amended Claim Petition.

2. Kirloskar Brothers Limited (KBL)

Outstanding litigation against KBL as on 30 September 2010:

Nature of litigations	No. of cases	Amount involved in Rs. Lacs
A. Filed against the company		
Labour Laws and Industrial cases	33	Rs. 89.42 Lacs
Other (Writ, FERA and Arbitration)	4	Rs. 5106.05 Lacs
Civil suits	6	Rs.174.65 Lacs
B. Filed by the Company		
Civil suits	3	Rs. 61.84 Lacs
Criminal matters	1	Rs. 5.46 Lacs
Other matters (Writ petition and appeals)	9	Rs. 10510.70 Lacs
Contingent Liability	-----	Rs. 281.65 Lacs

Income tax Litigations:

Nature of litigations	No. of cases	Amount of Liability considered. Amount in Rs. Lacs
Filed against the Company		
Income Tax	-----	Assessment Orders received from IT Dept. for the Financial Year 2001-02, 2002-03, 2003-04 and 2005-06 under Section 143(3) read with Section 263 of Income Tax Act, 1961, Amount involved Rs. 1133.16 Lacs

3. Kirloskar Pneumatic Company Limited (KPCL)

Outstanding Litigations by and against KPCL as on 30 September 2010:

Particulars	No. of cases	Amount (Rupees in Lacs)
Cases filed by KPCL	13	220.67
Cases filed against KPCL	69	5269.45

Both the above in following format:

Particulars	No. of cases	Amount (Rupees in Lacs)
Income Tax	1	7.12
Excise & Custom	13	57.21
Sales Tax	5	1157.97
ESI	3	19.13
Civil Cases	43	4159.95
Providend Fund	16	49.74
Labour Laws	1	39.00
Contingent Liability	-	5490.12

4. Kirloskar Ferrous Industries Limited (KFIL)

A summary of litigations involving KFIL as on 30 September 2010 is given below:

(A) Outstanding Litigations Against the Company

Nature of Litigation	Number of Cases	Amount (Rupees in Lacs)
Excise & Custom	19	225.69
Sales Tax/ Property Tax	02	20.63
Labour Laws	---	20.62
Civil Cases	02	Not Quantified
Contingent Liability(Under Electricity Act)	01	6.05

(B) Outstanding Litigations by the Company

Nature of Litigation	Number of Cases	Amount (Rupees in Lacs)	
Civil Cases	---	0.83	
Negotiable Instrument Act	09	36.43	

The contingent liability provided as on 30 September 2010 is Rs. 4.42 Crores.

5. G. G. Dandekar Machine Works Limited (GGDMWL)

A summary of litigations involving GGDMWL as on 30 September 2010 is given below:

Nature of litigations	No. of cases	Amount involved in Rs. Lacs
A. Filed by the Company		
Civil suits	02	Not quantified
Criminal matters	NIL	NIL
Labour Laws	01	Not quantified
Income Tax / Property Tax	01	Not quantified
Land Matters	02	Not quantified
Others	01	Not quantified
B. Filed against the Company		
Civil suits	03	Not quantified
Income Tax	02	Not quantified
Land Matters	04	Not quantified
Others	01	Not quantified

6. Kirloskar Constructions and Engineers Limited

A summary of litigations involving KCEL as on 30 September 2010 is given below:

Nature of litigations	No. of cases	Amount involved in Rs. Lacs
A. Filed by the Company		
Civil suits	5	246.27
Criminal suits	1	0.31
Other cases	3	1989.46
B. Filed against the Company		
Civil suits	18	377.61
Other cases	1	367.00

7. Kirloskar Systems Limited (KSL)

A summary of litigations involving KSL as on 30 September 2010 is given below;

Nature of litigations	No. of cases	Amount involved in Rs. Lacs
A. Filed by the Company		
Civil suits	1	Nil

Criminal matters	Nil	Nil
Service Tax	Nil	Nil
B. Filed against the Company		
Civil suits	3	Not Quantifiable.
Criminal matters	Nil	Nil
Income Tax	4	Rs. 348.19 Lacs
Labour Laws	1	Rs.9.90 Lacs
Sales Tax	Nil	Nil

Other matters	Nil	Nil
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8. Kothrud Power Equipment Limited (KPEL)

A summary of litigations involving KPEL as on 30 September 2010 is given below;

Contingent Liability not provided for:- Disputed customs duty – Rs.18,00,000/-

- A winding up petition is pending for admission before High Court, Bombay, filed by M/s ATC Clearing and Shipping Private Limited claiming an amount of Rs. 24050.26.
- 3 cases are pending before Consumer Disputes Redressal Forum, Jammu and Kashmir. Total compensation asked are Rs. 2,17,795/-.
- KPEL received a show cause Notice from Dy. Director, Enforcement Directorate under Section 8(3),(4) of the erstwhile Foreign Exchange Regulation Act, 1973, for not submitting the Exchange Control copy of the Bill of Entry and directed KPEL to pay Rs.21,40,000/- as a penalty. In an appeal filed by KPEL to Appellate Tribunal of Foreign Exchange, New Delhi, which has waived off payment of Rs.18,00,000/- from the total penalty and asked to deposit Rs.3,40,000/-. KPEL has deposited the same. The Tribunal quashed and set aside the order passed and remanded back the matter to the Adjudicating Officer to decide a fresh.

All the above cases are undated.

9. Kirloskar Integrated Technologies Limited (KITL)

There are no outstanding litigations pending against KITL as on 30 September 2010. KITL has filed cases against Sales Tax department as follows:

Filed by KITL	No. of cases	Amount involved in Rs. Lacs
Sales Tax	2	1.68 Lacs

The contingent liability provided as on 30 September 2010 is Rs. 1.68 Lacs.

10. Kirloskar Proprietary Limited

Nature of litigations	of No. of cases	Amount involved in Rs. Lacs
A. Filed by the Company		
Civil suits	07	Not quantifiable
B. Filed against the Company		
Civil suits	01	Not quantifiable

11. Alpak Investments Private Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

12. Better Value Holdings Private Limited (BVHPL)

The following cases, are pending cases by and against BVHPL as on 30 September 2010:

Nature of Litigation	No. of cases	Amount involved in Rs. Lacs
Income Tax	4	Rs. 7034 Lacs

Contingent liability provided for as on 30 September 2010 is as follows:

1. Disputed Income Tax liability – Rs. 7034 Lacs
2. Uncalled Liability in respect of partly paid shares – Rs. 4.49 Lacs

13. Prakar Investments Private Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

14. Navsai Investments Private Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

15. Cess Investments and Consultants Private Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

16. Achyut & Neeta Holdings & Finance Private Limited

There are no outstanding litigations by or against the Company as on 30 September 2010.

17. Asara Sales & Investments Private Limited

There are no legal cases filed by or against the Company as on 30 September 2010. Contingent liability in respect of partly paid shares is Rs. 4.50 Lacs as on 30 September 2010.

18. Sri Harihareshawara Finance & Investments Private Limited

There are no outstanding litigations by or against the Company as on 30 September 2010.

19. VikramGeet Investments and Holdings Private Limited

There are no outstanding litigations by or against the Company as on 30 September 2010.

20. Binaza Travels Private Limited

There are no outstanding litigations by or against the Company as on 30 September 2010.

21. Kirloskar Sons & Company Private Limited

There are no outstanding litigations by or against the Company as on 11 August 2010. This Company was inoperative. Hence on 11 August 2010, the Company has applied to striking off from Registrar of Companies, Pune under the "Esay Exit Scheme, 2010" under Section 560 of the Companies Act, 1956. The order is awaited.

22. Kirloskar Overseas Private Limited

There are no outstanding litigations by or against the Company as on 11 August 2010. This Company was inoperative. Hence on 11 August 2010, the Company has applied to striking off from Registrar of Companies, Pune under the "Esay Exit Scheme, 2010" under Section 560 of the Companies Act, 1956. The order is awaited.

23. Pressmatic Electro Stampings Private Limited (PESPL)

The following cases, are pending cases by and against PESPL as on 30 September 2010:

Nature of Litigation	No. of cases	Amount involved in Rs. Lacs
Excise and Customs	1	Rs. 6.18 Lacs
Labour Laws	3	Not Quantifiable

The contingent liability provided as on 30 September 2010 is Rs. 53.22 Lacs.

24. Quadromatic Engineering Private Limited

There are no outstanding litigations by or against the Company as on 30 September 2010.

25. Hematic Motors Private Limited

One excise case involving an amount of Rs. 7.96 Lacs is pending. Other than this, there are no pending cases filed by or against the Company.

The contingent liability provided as on 30 September 2010 is Rs. 18.60 Lacs.

26. Kirloskar Corrocoat Private Limited

One criminal case involving an amount of Rs. 25.47 Lacs is pending. Other than this, there are no pending cases filed by or against the Company as on 30 September 2010.

27. The Kolhapur Steel Limited (TKSL)

There are no outstanding litigations pending against TKSL as on 30 September 2010 except for the following:

Filed against the Company	No. of cases	Amount involved in Rs. Lacs
Excise	3	10.92 Lacs
Income Tax	1	7.69 Lacs
Others	1	2 Lacs

28. Gondwana Engineers Limited (GEL)

There are no outstanding litigations pending against and by GEL as on 30 September 2010 except for the following:

Filed against the Company	No. of cases	Amount involved in Rs. Lacs
A. Filed by the Company		
Sales Tax	02	Rs. 3.68 Lacs

Civil suit	01	Not quantifiable
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B. Filed against the Company

Labour Law	01	Not quantifiable
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29. Kirloskar Ebara Pumps Limited

There are no outstanding litigations by or against the Company as on 30 September 2010.

30. Kirloskar Brothers Investments Limited

There are no outstanding litigations by or against the Company as on 30 September 2010.

31. Pooja Credits Private Limited

There are no outstanding litigations by or against the Company as on 30 September 2010.

32. Kirloskar Silk Industries Limited (KSIL)

The following cases, are pending cases by and against KSIL as on 30 September 2010:

Nature of litigations	No. of cases	Amount involved in Rs. Lacs
A. Filed by the Company		
Other cases	34	75.37 Lacs
B. Filed against the Company		
Other Cases	04	9.13 Lacs

33. Kirloskar Consultants Limited (KCL)

The following cases, are pending cases by and against KCL as on 30 September 2010:

Nature of Litigation	No. of Cases	Amount involved in Lacs
By the Company		
Civil Suits	3	Not quantifiable
Criminal matters	2	Not quantifiable
Others	1	Rs. 85

Against the Company		
Civil Suits	1	Rs. 1.03
Labour Laws	4	Not quantifiable

34. Kirloskar Chillers Private Limited

The following cases, are pending cases against KCPL as on 30 September 2010:

Nature of Litigation	No. of Cases	Amount involved in Lacs
Sales Tax	01	34.47

There are no pending litigations by KCPL as on 30 September 2010.

The contingent liability provided as on 30 September 2010 is Rs. 27.13 Lacs.

35. Koppal Mines & Minerals Private Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

36. Quadrant Communications Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

37. Denso Kirloskar Industries Private Limited (DKIPL)

The following cases, are pending cases by and against DKIPL as on 30 September 2010:

Nature of litigations	Status of the litigations	Amount (Rs.)
a. Appeal against higher rate of Customs duty	Pending for disposal before Addl. Commr. (Appeals)	171,400
b. Company's appeal against decision of the Joint Commissioner of Commercial Tax for sales tax demand.	Pending before Sales Tax Appellate Tribunal	6,333,171
c. Disallowing the utilization of exemption of Sales Tax liability on A/C parts	Pending before Sales Tax Appellate Tribunal	91,982,499
d. Filed petition u/s 154 of Income Tax Act 1961, with the Assistant Commissioner for rectification of the order passed	Pending with Asst. Commissioner, Sales Tax	134,341
e. Company's appeal to	Department's appeal to Supreme	5,769,075

CESTAT, against the order of loading the duty on machinery	Court pending	
f. Bank Guarantee for custom purposes	NIL	3,909,000
g. Department's appeal to the Supreme Court, against the favorable order from Customs, Excise and Service Tax Appellate Tribunal (CESTAT) with regard to improper classification of certain imported items is pending.	Department's appeal to Supreme Court pending	18,063,797
h. Labour related cases – Case involving trainee operators	Appeal by Associates to High Court.	Not yet ascertained.

The contingent liability provided as on 31 March 2010 is Rs. 1264.29 Lacs.

38. T G Kirloskar Automotive Private Limited (TGK)

The following cases, are pending cases by and against TGK as on 30 September 2010:

Nature of Litigation	No. of cases	Amount involved in Rs. Lacs
Sales Tax	1	Rs. 81.82 Lacs
Excise	1	Rs. 22.33 Lacs
Civil cases	2	Rs. 6.71 Lacs

39. Toyota Kirloskar Auto Parts Private Limited (TKAP)

The following cases, are pending cases by and against TKAP as on 30 September 2010:

Nature of Litigation	No. of cases	Amount involved in Rs. Lacs
Customs	1	Rs. 91.64
Excise	4	Rs. 38.22
Service Tax	8	Rs. 1073.40
Others	1	Rs. 105.35
Sales Tax and VAT	2	Rs. 610.61

40. Toyota Kirloskar Motor Private Limited (TKML)

The following cases, are pending cases by and against TKML as on 30 September 2010:

Nature of Litigation	No. of cases	Amount involved in Rs. Lacs
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Central Excise, Service Tax, VAT	3	Rs. 922.05 Lacs
Consumer Cases	114	Not Quantifiable
Others	13	Not Quantifiable
Labour cases	4	Not Quantifiable

The contingent liability provided as on 31 March 2010 is Rs. 837.50 Lacs.

41. Mahila Udyog Limited (MUL)

MUL has stopped principal operations with effect from April 7, 2007. Following are the pending cases against MUL as on 30 September 2010:

Filed against MUL	No. of cases	Amount involved in Rs. Lacs
Income Tax	1	Rs. 23.18 Lacs

No contingent liability is provided for as on 30 September 2010.

42. Toyota Tsusho Insurance Broker India Private Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

43. Kirloskar Technologies Private Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

44. Kirloskar Systech Limited

There are no legal cases filed by or against the Company as on 30 September 2010.

45. Takshasila Healthcare & Research Service Private Limited

The Company been incorporated on 22 September 2010. As such there are no legal cases filed by or against the Company as on 30 September 2010.

GOVERNMENT APPROVALS

Incorporation details

CIN: U29120PN2009PLC133351

Income tax related details

PAN: AADCK5714H

TAN: PNEK09057G

SECTION VII – OTHER REGULATORY AND STATUTORY DISCLOSURES

REGULATORY AND STATUTORY DISCLOSURES

Authority for the Scheme

The Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with its order dated 19 March 2010 has approved the Scheme of Arrangement between Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited), Kirloskar Engines India Limited (now known as Kirloskar Oil Engines Limited) and their respective shareholders.

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer from the Company

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 5 of part A of SEBI Circular No. SEBI/CFD/SCRR/01/2009/03/09 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer – BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated 21 April 2009 has granted in-principle approval for listing of equity shares of KOEL as per the scheme of arrangement under clause 24(f) of the listing agreement and by virtue of that approval, BSE's name is included in this Information Memorandum as one of the Stock Exchanges on which the company's securities are proposed to be listed.

The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that this company's securities will be listed or will continue to be listed on the BSE; or
- take any responsibility for the financial or other soundness of this company; and

- it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer – NSE

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has vide its letter dated 20 April 2009 has granted in-principle approval for listing of equity shares of KOEL as per the scheme of arrangement under clause 24(f) of the Listing Agreement and by virtue of the said approval NSE's name is included in this Information memorandum as one of the stock exchanges on which this company's securities are proposed to be listed.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition, whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

This Information Memorandum has been filed with BSE and NSE.

Listing

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the equity shares of the company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the equity shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at both NSE & BSE.

Demat Credit

The company has executed Tripartite Agreements with the Depositories i.e. NSDL and CDSL for admitting its securities in demat form and has been allotted ISIN – INE146L01010.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Previous rights and public issues if any

The Company has not made any previous public or rights issue since incorporation.

Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

Companies under the Same Management

Kirloskar Industries Limited, Kirloskar Pneumatic Company Limited and Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited) are under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, which are included in this Information Memorandum.

Promise vis-à-vis performance

Not Applicable, since this is the first time the Company is getting listed on the Stock Exchanges.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Issuer Company outstanding

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

Stock Market data for equity shares of the Company

Equity shares of the company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum

Disposal of Investor Grievances

The Company has appointed Ms. Smita Raichurkar, Asst. Company Secretary as the Compliance Officer and she may be contacted in case of any problems at the following address:

Compliance Officer

Ms. Smita Raichurkar
Asst. Company Secretary
Kirloskar Oil Engines Limited
Laxmanrao Kirloskar Road,
Khadki, Pune – 411 003
Telephone: (020) 25810341
Fax: (020) 25813208, 25810209
Email: Smita.Raichurkar@kirloskar.com

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF KOEL

1. Table "A" not to apply

The regulations contained in the Table marked "A" in the First Schedule of the Companies Act, 1956 (hereinafter called "the Act" or "the said Act") shall not apply to the Company except so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.

2. Company to be governed by these Articles

The regulations for the management of the Company and for the observance thereof by the Members and their representatives shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alterations of or addition of the regulations by Special Resolution as prescribed or permitted by Section 31 of the Act, by such as are contained in these Articles.

4. Copies of the Memorandum and Articles etc. to be given to members

The Company shall, on being so required by a member, send to him within seven days of the requirement and subject to the payment of a fee of one rupee, a copy each of the following documents as in force for the time being.

(a) The Memorandum,

(b) The Articles, if any,

(c) Every agreement and every resolution referred to in Section 192, if and in so far as they have not been embodied in the Memorandum or Articles.

5. Company's funds may not be applied in purchase of or lent for purchase of shares of the Company

(i) The Company shall not have power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in pursuance of Sections 100 to 104 or of Section 402.

(ii) The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company.

Provided that nothing in this clause shall be taken to prohibit:

(a) The provision in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for, fully paid shares in the Company or its holding Company being a purchase or subscription by Trustees of or for shares

to be held by or for the benefit of employees of the Company including any Director holding a salaried office or employment in the company; or

(b) The making by the Company of loans within the limit laid down in sub-section (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.

(iii) No loan made to any person in pursuance of subclause (b) of the foregoing proviso shall exceed in amount his salary or wages at that time for a period of six months. Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 or under any corresponding provision in any previous Companies Law.

Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 or under any corresponding provision in any previous Companies Law.

5A Buy-back of securities

5A. Notwithstanding anything to the contrary contained in the Articles and subject to the provisions of the Act and the Rules or Regulations as may be in force from time to time, the Company may purchase any of its own shares or any other specified securities issued by the Company and may either extinguish, destroy and/or reissue the shares/securities so bought back as may be permissible under the provisions of the Act, Rules and Regulations as applicable.

6. Capital and Shares

"The Authorized Share Capital of the Company is Rs. 40,00,00,000 (Rupees Fourty Crores only) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Rs. 2/- (Rupees two only) each."

(Substituted vide Order of the High Court of Judicature at Bombay, dated 31st July 2010 read with its Order dated 19th March 2010, sanctioning the Scheme of Arrangement for Demerger between Kirloskar Oil Engines Ltd. and Kirloskar Engines India Ltd.)

7. Register and index of Members and debentureholders and Foreign Register

(a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Section 150 and 151 of the Act, and Register and an Index of Debenture-holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.

The Register and Index of Beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be Register and Index of Members in accordance with Section 150 and 151 of the Act.

(b) The Company shall also comply with the provisions of Section 159 and 161 of the Act as to filling Annual Returns.

(c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, indices, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

8. Shares to be under control of the Director

Subject to the provisions of the Act and the Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such times as they may from time to time think fit.

9. Nature of Shares

The shares or other interest of any member in the Company, shall be movable property, transferable in the manner provided by the Articles.

10. Numbering of Shares

Each share in the Company other than the share(s) held in a Depository shall be distinguished by its appropriate number.

11. Certificate of shares as prima facie evidence

A certificate, under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of the title of the member to such shares.

12. Application of premium received on issue of shares

12. (1) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called 'the share premium account' and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided in this Article, apply as if the share premium account were paid up share capital of the Company.

(2) The share premium account may, notwithstanding anything in clause (1) of this Article be applied by the Company;

(a) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;

(b) in writing off preliminary expenses of company and in writing off them expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or

(c) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

13. Further issue of capital

Where at any time it is proposed to increase the subscribed capital of the Company by the allotment of further shares, the provision of Section 81 of the Act shall apply and shall be observed and complied with in so far as they may be applicable.

14. Sale of fractional shares

14) If and whenever as the result of issue of new shares or any consolidation or sub- division of shares, any shares become held by members, in fractions, the Directors shall, subject to the provisions of the Act and the Articles and to the directions of the Company in General Meeting if any, sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such share in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

15. Acceptance of shares

15) An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of the Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of the Articles be a member. The Directors shall comply with the provisions of Section 69, 70, 72 , 73 and 74 of the Act so far as applicable.

16. Deposits and calls etc. to be a debt payable immediately.

16) The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately, on the insertion of the name of the allottee in the Register of Members as the name of the

holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

17. Installments on shares to be duly paid

17) If by the condition of allotment of any shares the whole or part of the amount or issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

18. Calls on shares of same class to be made on uniform basis

Where any calls for further capital are made on shares, such calls shall be made on a uniform basis on all shares, falling under the same class.

Explanation :- For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

19. Shares may be issued subject to different conditions as to call, etc.

Subject to the provisions of Section 91 of the Act, the Company may make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and the time of payment of such calls.

20 Liability of joint holders of shares

The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.

21. Trusts not recognised

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent, future or partial or other claim or right to or interest in such share on the part of any other person whether or not it shall have expressed or implied notice thereof. The provisions of Section 153 of the Act shall apply.

23. Certificate of Shares

Every share certificate shall be issued under the Seal of the Company, which shall be affixed in the presence of :

(i) Two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney;

(ii) The Secretary or some other person appointed by the Board for the purpose. The two Directors or their Attorneys and the Secretary or other person shall sign the share certificates;

Provided that, if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than the Managing Director or Whole Time Director.

A Director may sign share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

24. Member's right to certificate

(a) Every member or allottee of shares shall be entitled, without payment, to receive one certificate for all the shares of each class or denomination registered in his name, or, if the Directors so approve (on paying such fee as the Directors may from time to time determine) several such certificates each for one or more such shares.

(b) Every certificate shall specify the name or names of the person or persons in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon.

(c) Unless the conditions of issue of the shares otherwise provide such certificates shall be ready for delivery to the shareholders, within 3 months after the allotment of any shares and within two months after the application for the registration of the transfer of any such shares.

(d) The share certificates shall be in such form as the Directors shall prescribe or approve.

(e) In respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.

25. To issue new certificate in place of one defaced, lost or destroyed

(1) When the Company shall issue any capital, no certificate of any share or shares in the Company shall be issued except;

(i) In pursuance of a resolution passed by the Board; and

(ii) On surrender to the Company of its letter of allotment or of its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation, or in cases of issue of bonus shares.

Provided that if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

(2) No certificate of any share or shares, shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decreipt, worn out or where the space provided on the reverse for recording transfers has been duly utilized unless the certificate in lieu of which it is issued is surrendered to the Company.

Provided that the Company may charge such fee, if any, not exceeding Rs. 2 per certificate issued on splitting or consolidation of share certificates or in replacement of share certificates that are defaced or torn, as the Board thinks fit.

(3) No duplicate share certificate shall be issued in lieu of those that are lost or destroyed without the prior consent of the Board or without payment of such fees, if any, not exceeding Rs. 2 and on such reasonable terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

25A. Shares may be held in Depository

The Company may dematerialise / rematerialise its shares pursuant to the Depositories Act and offer its shares for subscription / allotment in a dematerialised form. The provisions of Articles 23, 24 and 25 of the Articles of Association of the Company shall not apply to shares held with a Depository in a dematerialised form.

26. Calls

The Directors may from time to time and subject to Section 91 of the Act make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments.

27. Call to date from resolution

A call shall be deemed to have been made at the time when resolution of the Directors authorising such call was passed and may be made payable by members on the Register of Members on a subsequent date to be specified by the Directors.

28. Notice of Call

Fifteen days' notice at the least shall be given by the Company of every call made payable otherwise than on allotment specifying the time and place of payment: Provided that before the time for payment of such call the Directors may by notice in writing to the members, revoke the same.

29. Directors may extend time

The Directors may from time to time at their discretion extend the time fixed for the payment of any call, and may extend such time as to, all or any of the members, who, the Directors may deem fit, entitled to such extension, but no members shall be entitled to such extension save as a matter of grace and favour.

30. Amount payable at fixed time or by installments as calls

If by the terms of issue of any share or otherwise any amount is made payable on allotment at any fixed time or by installments at fixed times, (whether on account of the amount of the share or by way of premium), every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given, and all the provisions herein contained in respect of calls shall relate to such amount or installments accordingly.

31. When interest on call or installment payable

If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment be due shall pay interest for the same at such rate as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

32. Partial payment not to preclude forfeiture

Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

33. Proof on trial or suit on money due on shares.

On the trial or hearing of any action or suit brought by the Company against any members or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder or one of the

holders, at or subsequently to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the Minute Book and that notice of such call was duly given to the members sued in pursuance of these presents and it shall not be necessary to prove the appointment of the Director who made such calls or any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

34. Payment in anticipation of calls may carry interest

(1) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act receive from any member willing to advance the same all or any part of the sum due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon, and the Directors may at any time repay the amount so advanced upon giving to such member three months' notice in writing.

(2) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment become presently payable.

(3) The provision of this article shall mutatis mutandis apply to all the calls on debentures of the Company.

35. If call or instalment not paid, notice must be given

If any member fails to pay the whole or any part of any call or instalment on any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or instalment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

36. Form of Notice

The notice shall name a day (not being less than 14 days from the date of the notice) and a place or places, on and at which such call, instalment or such part of other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and the place appointed, the shares in respect of which the call was made or

instalment or such part or other moneys is or are payable will be liable to be forfeited.

37. In default of payment shares to be forfeited

If the requisitions of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or instalments, interest and expenses or other money due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before the forfeiture.

38. Entry of forfeiture in Register of Members

When any share shall have been so forfeited, an entry of the forfeiture with the date thereof, shall be made in the Register of Members.

39. Forfeited shares to be property of the company and may be sold

Any share so forfeited shall be deemed to be the property of the Company and may be sold, reallocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Directors shall think fit.

40. Power to annul forfeiture

The Directors may, at any time before any shares so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.

41. Shareholders still liable to pay money owing at the time of forfeiture and interest

Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of forfeiture until payment, at such rate not exceeding nine per cent per annum as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so.

42. Surrender of shares

The Directors may, subject to the provisions of the Act, accept a surrender of any shares from or by any member desirous of surrendering them on such terms as they think fit.

43. Company's lien on Shares

The Company shall have a first and paramount lien upon all the shares (other than fully paid shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 21 hereof is to have full effect. And such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

44. As to enforcing lien by sale

For the purpose of enforcing such lien the Board of Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executors or administrator or his committee, curator, or other legal representative as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice.

45. Application of proceeds of sale

The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any shall be paid to such member, his executors or administrators or assigns or his committee, curator, or other legal representative as the case may be.

46 Certificate of forfeiture

A certificate in writing under the hand of the Director and countersigned by the Company Secretary or other Officer authorised by the Directors for the purpose that the call in respect of a share was made and notice thereof given, and that default in payment of the call was made and that the forfeiture of the share was made by a resolution of the Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such shares.

47. Title of purchaser and allottee of forfeited share

The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof, and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share. The validity of the sale and of the entry in the Register in respect of the shares sold shall

not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. The Directors may upon any such sale appoint some person to execute an instrument of transfer of the shares sold and may cause to be issued a duplicate certificate in respect of the shares sold.

48. Maintenance of records of transfer and transmissions of shares

The Company shall keep such records in respect of each transfer and transmission of shares as may be necessary and expedient, either on computer, or otherwise as may be decided by the Board of Directors from time to time.

49. Form of transfer

Subject to the provisions of Section 108 of the Act, every instrument of transfer of shares shall be in such form as may be prescribed by the Act and or any Rules made thereunder and for the time being in force.

50. To be executed by Transferor and Transferee

Every such instrument of transfer shall be signed by both the Transferor and Transferee;

The Transferor shall be deemed to remain the holder of such share until the name of the Transferee is entered in the Register of Members in respect thereof;

Transferor's signature to such transfer shall be duly attested by the signature of one witness who shall also add his address.

51. Directors may refuse to register

(i) Subject to the provisions of Section 111 A of the Act, the Directors may, at their own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares and the right of refusal shall not be affected by the fact that the proposed Transferee is already a member of the Company. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transfer.

(ii) If, in pursuance of any such power or otherwise when the Directors refuse to register any such transfer or transmission of right, they shall, within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.

52. Transfer of shares

The Directors shall comply with the provisions of Section 111 of the Act:

(1) An application for the registration of transfer of shares may be made either by the Transferor or by the Transferee: Provided that where such application is made by the Transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the Transferee and subject to the provisions of clause (4), the Company shall unless objection is made by the Transferee within two weeks from the date of receipt of the notice enter in the Register of Members the name of the Transferee in the same manner and subject to the same conditions as if the application for registration was made by the Transferee.

(2) For the purpose of clause (1) notice to the Transferee shall be deemed to have been duly given if sent by prepaid registered post to the Transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have been delivered to him in the ordinary course of post.

(3) It shall not be lawful for the Company to register a transfer of any shares unless the proper instrument of transfer is in respect of only one class of shares duly stamped and executed by or on behalf of the Transferor and by or on behalf of the Transferee and specifying the name and address and occupation, if any, of the Transferee, has been delivered to the Company along with the scrip and if no such scrip is in existence, along with the letter of allotment of the shares. The Directors may also call for such other evidence as may be reasonably required to show the right of the Transferor to make the transfer: Provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the Transferor and Transferee has been lost, the Company, may, if the Directors think fit on an application in writing made by the Transferee and bearing the stamp required by an instrument of transfer, register the transfer on such terms as to indemnity as the Directors may think fit.

(4) If the Company refuses to register the transfer of any shares, the Company shall within two months from the date on which the instrument of transfer is lodged with the Company send to the Transferee and the Transferor notice of the refusal as provided in Article 51.

(5) Nothing in clause (3) shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law;

(6) Nothing in this article shall prejudice any power of the Company to refuse to register the transfer of any share.

53. Custody of Instrument of Transfer

The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors Transfer may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

54. Closure of Register of Members

The Directors shall have power on giving seven days' notice by advertisement as required by Section 154 of the Act, to close the Register of Members of the Company for such period or periods of time not exceeding in the whole 45 days in each year, but not exceeding 30 days at a time, as they may deem fit.

55. Title to the shares of deceased holder

The Executors or Administrators or the holder of a Succession Certificate of a deceased member (whether European, Hindu, Mohamedan, Parsi or otherwise, not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such Executors or Administrators or holders of a Succession Certificate unless such Executors or Administrators or holders of a Succession Certificate shall have first obtained Probate or Letters of Administration or a Succession Certificate as the case may be, from a duly constituted competent Court in India; provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of Probate or Letters of Administration or a Succession Certificate and under the next Article register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

56. Registration of Person entitled to shares otherwise than by Transfer (Transmission clause)

Any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title, as the Directors shall require, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares: Provided nevertheless that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of such shares. This Article is herein referred to as 'the Transmission Clause'.

57. Transfer by legal representative

A transfer of the share or other interest in the Company of a deceased member thereof made by his legal representative shall although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

This Article shall not prejudice the provision of Articles 51 and 58

58. Refusal to register nominee

Subject to the provisions of Section 111 A of the Act, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the Transferee named in an ordinary transfer presented for registration.

The Directors shall in case of such refusal comply with the provisions of Section 111 (1) of the Act.

59. Board may require evidence of transmission

Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient: provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

60. The Company not liable for disregard of a notice prohibiting registration of transfer

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notices of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

61. Transfer of Debentures

The provisions of the Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company

61A.Issue, Transfer ,Transmission of shares under the Depositories Act

The provisions of the Depositories Act shall apply in respect of the issue, transfer and transmission of shares held by a Member with a Depository.

62. Increased Capital

The Company may from time to time in General Meeting increase its share capital by the issue of new shares of such amount as it thinks expedient.

63. On what conditions new Shares may be issued

Subject to the provisions of Section 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such conditions and with such rights and privileges annexed thereto as the General Meeting creating the same shall direct and if no direction be given as the Directors shall determine and in particular, such shares may be issued subject to the provisions of the said Sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said Sections with a special or without any right of voting. Unless the Company in General Meeting, shall before the issue of new shares otherwise determine, the provisions of Section 81 of the Act shall be complied with, with regard to the offer of such shares.

64. Same as original Capital

Except as so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

65. Reduction of Capital

Subject to confirmation by the Court, the Company may, by Special Resolution, reduce its share capital in any way; and in particular and without prejudice to the generality of the foregoing, may:

(a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up;

(b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is lost, or unrepresented by available assets; or

(c) either with or without extinguishing or reducing liability on any of its shares, payoff any paid up share capital which is in excess of the wants of the Company;

and may, if and so far as is necessary, after its Memorandum by reducing the amount of its share capital and of its shares accordingly.

66. Division and Sub-division

The Company in General Meeting by a Special Resolution may alter the conditions of the Memorandum as follows, that is to say, it may:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its shares, or any of them, into shares of smaller amount than originally fixed by the Memorandum, subject nevertheless to the provisions of the Act in that behalf, and so however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage or otherwise over the others or any other such shares;

(c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the share so cancelled.

67. Notice to Registrar of Consolidation of share Capital, conversion of shares into stock, etc.

(1) If the Company has

(a) consolidated and divided its share capital into shares of larger amount than its existing shares;

(b) converted any shares into stock; .

(c) reconverted any stock into shares;

(d) sub-divided its shares or any of them;

(e) redeemed any redeemable preference shares or

(f) cancelled any shares, otherwise than in connection with a reduction of share capital under Sections 100 to 104; the

company shall within 30 days after doing so, give notice thereof to the Registrar, specifying, as the case may be, the shares consolidated, divided, converted, subdivided, redeemed, or cancelled, or the stock reconverted.

(2) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

68. Powers to modify rights

Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated or dealt with or varied by the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions hereinafter contained relating to the General Meeting shall, mutatis mutandis, apply to every such meeting, but so that the quorum thereof shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of that class. This Article is not to derogate from any power which the Company would have had if this Article were omitted. The rights conferred upon the holders of the shares (including Preference Shares, if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of issue of shares of that class be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

69. Joint Holders

Where two or more persons are registered as the holders of any share they shall be deemed (so far as the Company is concerned) to hold the same as joint holders with benefits of survivorship subject to the following and other provisions contained in the Articles:

Company may refuse to register more than three persons

(a) The Company shall be entitled to decline to register more than three persons as the holders of any share.

Joint and several liability

(b) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such shares.

Title of survivors

(c) On the death of anyone or more of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of deceased joint holder from any liability on shares held by him jointly with any other person.

Receipts of one sufficient

(d) Anyone of such joint holders may give effectual receipts of any dividends or other moneys payable in respect of such share.

Delivery of Certificate and giving of notices to first named holder

(e) Only the person whose name stands first in the Register of Members as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such share or to receive notices (which expression shall be deemed to include all documents as defined in Article 3) from the Company and any notice given to such person shall be deemed notice to all the joint holders.

Votes of joint holders

(f) Any one of two or more joint holders may vote at any meeting either personally or by an agent duly authorised under a power of attorney or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney that one of such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof. Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person, present by an agent, duly authorised under power of attorney or by proxy although the name of such person present by an agent or proxy stands first or higher in the Register in respect of such shares; several executors or administrators of a deceased member in whose (deceased members) sole name any share stands shall for the purposes of this sub-clause be deemed joint holders.

70. Power to borrow

Subject to the provisions of Sections 292 and 293 of the Act, the Directors may from time to time at their discretion borrow any sum or sums of money for the purpose of the Company.

71. Conditions on which money may be borrowed

The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in

particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

72. Bonds, Debentures, etc., to be subject to control of Directors

Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

73. Securities may be assignable free from equities

Debentures, debenture-stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

74. Issue at discount etc. or with special privileges

Any bonds, debentures, debenture-stock or other securities may be issued, subject to the provisions of the Act, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, attending at General Meeting of the Company, appointment of Directors and otherwise. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

75. Debentures with voting rights not to be issued thereafter

(a) The Company shall not after the commencement of the Act, issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.

Power to reissue redeemed debentures

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act

Payments of certain debts.

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(c) Payments of certain debts out of assets subject to floating-charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

Certain charges to be void

(d) Certain charges mentioned in Section 125 of the Act shall be void against the Liquidator or Creditors unless registered as provided in Section 125 of the Act.

'Charge' defined

(e) The term 'charge' in the articles include mortgage.

Contract for debentures how enforceable

(f) A contract with the Company to take up and pay any debentures of the Company may be enforced by a Decree for specific performance.

76. Right to obtain copies of and inspect Trust Deed

(1) A copy of any trust deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment:

(a) in the case of a printed Trust Deed, of such sum as may be prescribed by the Government; and

(b) in the case of a Trust Deed which has not been printed, of such sum as may be prescribed by the Government for every one hundred words or fractional part thereof required to be copied.

(2) The Company Law Board may also, by order, direct that the copy required shall forthwith be sent to the person requiring it.

(3) The Trust Deed referred to in clause (1) shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of Members of the Company.

77. Mortgage of uncalled capital

If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors may by instrument under the Company's Seal authorise the persons in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital and the provisions hereinbefore contained in regard to call shall, mutatis mutandis, apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally, and either presently or contingently and either to the exclusion of the Directors' power or otherwise and shall be assignable if expressed so to be.

78. Indemnity may be given

If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting

the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

79. Limitation of time for issue of certificates

The Company shall, within three months after the allotment of any of its shares, debentures or debenture-stock, and within two months after the application for the registration of the transfer of any such shares, debentures or debenturestock complete and have ready for delivery the certificates of all shares, debentures, debenture-stock allotted or transferred unless the conditions of issue of the shares, debentures or debenture-stock otherwise provide.

80. Registration

The Company shall comply with the provisions of the Act relating to the registration of charges which expression shall include mortgages, contained in Sections 125 to 145 (inclusive) thereof and shall also comply with the provisions of Section 150 as to the Register of Members and the provisions of Section 152 as to the Register and Index of Debenture-holders.

81. Notice of trust

(a) No notice of any trust express or implied or constructive, shall be entered on the Register of Members or of Debenture-holders or be receivable by the Registrar.

Power to close Register of Members or Debenture holders

(b) The Company may, after giving not less than seven days' previous notice by advertisement in some newspaper circulating in the District in which the Registered Office of the Company is situate, close the Register of Members or the Register of Debenture-holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at anyone time.

(c) The Company may exercise the power for the Company to keep a Foreign Register of Members or Debenture-holders as provided in Section 157 of the Act and the provisions of Section 158 of the Act as to Foreign Register shall be complied with.

(d) The Company shall comply with the provisions of Section 159 of the Act regarding filing of Annual Return and the provisions of Section 161 of the Act as regards Annual Return and certificates to be annexed thereto.

Place of keeping and inspection, of registers and returns

(e) (i) The Register of Members commencing from the date of the registration of the Company, the Index of Members, the Register and Index of Debenture-holders and

copies of all Annual Returns prepared under Section 159 together with the copies of certificates and documents required to be annexed thereto under Section 161 shall be kept at the Registered Office of the Company.

(ii) The registers, indices, returns and copies of certificates and other documents referred to in Sub-section (1) of Section 163 shall except when the Register of Members or Debenture-holders is closed under the provisions of the Act, be open during business hours (subject to such reasonable restrictions as the Company may impose so that not less than two hours in each day are allowed for inspection) to the inspection of :

(a) any Member or Debenture-holder without fee; and

(b) any other person on payment of such sum as may be prescribed for each inspection.

(iii) Any such Member, Debenture-holder or other person may

(a) make extracts from any register, index or copy referred to in Sub-section (1) of Section 163 without fee or additional fee, as the case may be; or

(b) require a copy of any such register, index or copy or of any part thereof, on payment of such sum as may be prescribed by the Government.

(iv) The Company shall cause any copy required by any person under Sub - clause (b) of sub-clause (iii) of clause (e) of this article to be sent to that person within a period of ten days, exclusive of nonworking days, commencing on the day next after the day on which the requirement is received by the Company.

(v) The Court/Company Law Board may also, by order, compel an immediate inspection of the document, or direct that the extract required shall forthwith be allowed to be taken by the person requiring it, or that the copy required shall forthwith be sent to the person requiring it, as the case may be.

82. Annual General Meeting

(a) The Company shall in each year hold, in addition to any other meetings, a General Meeting as its Annual General Meeting and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next. Provided that the Registrar may for any special reason extend the time within which any Annual General Meeting shall be held by a period not exceeding three months.

(b) Every Annual General Meeting shall be called for at any time during business hours, on a day that is not a public holiday, and shall be held either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company may be situate.

83. Power of Central Government to call General Meeting

(1) If default is made in holding an Annual General Meeting in accordance with Section 166 of the Act, the Central Government may, notwithstanding anything in this Act or in the Articles of the Company, on the application of any member of the Company, call or direct the calling of a General Meeting of the Company and give such ancillary or consequential directions as the Central Government thinks expedient in relation to the calling, holding and conducting of the meeting.

Explanation: The directions that may be given under the said Section may include a direction that one member of the Company so present in person or by proxy shall be deemed to constitute a meeting.

(2) A General Meeting held in pursuance of clause (1) of this article shall subject to any directions of the Central Government, be deemed to be an Annual General Meeting of the Company.

84. Sections 171 to 186 of the Act shall apply to meetings

(1) The provisions of Sections 171 to 186 of the Act shall, notwithstanding anything to the contrary in the Articles of the Company apply with respect to General Meetings of the Company.

(2) (a) Section 176 of the Act, with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or any class of Debenture-holders of a Company in like manner as it applies with respect to General Meetings of the Company.

(b) Unless the articles of the Company or, a contract binding on the persons concerned otherwise provide, Sections 171 to 175 and Sections 177 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of Members or of Debenture-holders or any class of Debenture-holders of a Company in like manner as they apply with respect to General Meetings of the Company.

85. Calling of Extraordinary General Meeting

The Directors may call an Extraordinary General Meeting whenever they think fit.

86. Extraordinary General Meeting on requisition

The Directors of the Company shall on the requisition of such number of members of the Company as is specified in Sub-section (4) of Section 169 of the Act forthwith proceed duly to call an Extraordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto the provisions of Section 169 of the Act shall apply.

87.Length of notice for calling meeting

(1) A General Meeting of the Company may be called by giving not less than twenty-one days' notice in writing.

(2) A General Meeting may be called after giving shorter notice than that specified in Sub-clause (1) of this article if consent is accorded thereto

(i) in the case of an Annual General Meeting by all the members entitled to vote thereat; and

(ii) in the case of any other meeting, by members of the Company holding not less than 95 per cent of such part of the paid up capital of the Company as gives a right to vote at the meeting. Provided that where any members of a Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others those members shall be taken into account for the purposes of this sub- clause in respect of the former resolution or resolutions and not in respect of the latter.

88.Contents and manner of service of notice and persons on whom it is to be served

(1) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(2) Notice of every meeting of the Company shall be given

(i) to every member of the Company in any manner authorised by Sub-sections (1) to (4) of Section 53;

(ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent or by any like description at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred, and

Provided that where a notice of the meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Registered Office of the Company under Sub-section (3) of Section 53 of the Act the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 in the case of any member of the Company.

(3) The accidental omission to give notice to or the non-receipt of notice by any member or any person to whom it should be given shall not invalidate the proceedings at the meeting.

89.Explanatory Statement to be annexed to notice

(1) For the purposes of this article:

(a) in the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special with the exception of business relating to (i) the consideration of the accounts, balance sheet and the reports of the Board of Directors and Auditors, (ii) the declaration of a dividend, (iii) the appointment of Directors in the place of those retiring and (iv) the appointment of and the fixing of the remuneration of the Auditors, and

(b) in the case of any other meeting, all business shall be deemed special.

(2) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature and extent of the interest, if any therein of every Director, and the Manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects, any other company, the extent of shareholding interest in that other company of every director, and the Manager, if any, of the first-mentioned company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty per cent, of the paid up share capital of that other company.

(3) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Special Notice

(4) Where by any provision contained in the Act, Special Notice is required of any resolution, the Company shall comply with the provisions of Section 190 of the Act, relating to resolutions requiring Special Notice.

90.Quorum for meeting

(1) Five members' personally present shall be the quorum for a meeting of the Company.

(2) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon the requisition of members, shall stand dissolved.

(3) In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place, as the Board may determine.

(4) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting the members present shall be a quorum.

91.No business without Quorum

(a) No business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the business.

Business confined to election of Chairman whilst Chair vacant

(b)No business shall be discussed or transacted at any General Meeting except the election of a Chairman whilst the Chair is vacant.

Chairman of General Meeting

(c) The Chairman of the Board of Directors or in his absence, the Vice- Chairman shall be entitled to take the Chair at every General Meeting. If either the Chairman or Vice-Chairman is not present at any meeting within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose a Chairman and in default of their doing so, the members present shall choose one of the Directors to be the Chairman and if no Director present be willing to act, then the members present shall choose one of their members to be the Chairman.

Chairman with consent may adjourn the meeting

(d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city of Pune where the Registered Office of the Company is situate.

Business at adjourned meeting

(e) Except as provided by the Act in the case of the Statutory Meeting, no business shall be transacted at any adjourned meeting other than business which might have been transacted at the meeting from which the adjournment took place.

Chairman's declaration of result of voting

(f) A declaration by the Chairman that a resolution has been carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the books of the proceedings of the Company, shall be conclusive evidence of the fact without further proof of the number or proportion of the votes recorded in favour of or against such resolution.

Poll how taken

(g) If a poll is demanded it shall subject to the provisions of the Act, be taken in such manner and at such time and place as the Chairman of the meeting directs and either forthwith or at such time not being later than forty-eight hours from the time when the demand was made as the Chairman may direct and the result of the poll shall be deemed to be

decision of the meeting on the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

Motion how decided in case of equality of votes

(h) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

92.Demand for poll not to prevent transaction of other business

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

93.Proxies

(1) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting.

Provided that except where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

(2) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy or where that is allowed one or more proxies, to attend and vote instead of himself and that a proxy need not be a member.

(3) The instrument appointing a proxy or any other document necessary to show the validity of or otherwise relating to the appointment of a proxy shall be lodged

with the Company not less than forty-eight hours before the meeting in order that the appointment may be effective thereat.

(4) The instrument appointing a proxy shall

(a) be in writing and

(b) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate be under its Seal or be signed by an officer or an attorney duly authorised by it.

(5) An instrument appointing a proxy if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by the articles.

(6) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved, thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the Company; provided not less than three days notice in writing of the intention so as to inspect, is given to the Company.

94. Voting to be by show of hands in first instance

At any General Meeting a resolution put to the vote of meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

95. Votes

Subject to the provisions of the Act upon show of hands every member entitled to vote and present in person shall have one vote and upon a poll every member entitled to vote and present in person or by proxy shall have one vote for every share held by him, PROVIDED THAT, the holders of Preference Shares shall have no right to be present or to vote either in person or by proxy at any General Meeting by virtue of or in respect of their holding of Preference Shares save to the extent and in manner provided by Section 87(2) of the Act.

96. No voting by proxy on show of hands

No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Section 187 of the Act in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

97. Vote in respect of shares of deceased, insolvent members

Subject to the provisions of the Act and other provisions of the articles any person entitled under the transmission clause to transfer any shares may vote at any General Meeting in respect thereof as if he was the registered holder of such shares Provided that at least 48 hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

98. Custody of the instrument

If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company. If embracing other objects a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

99. Form of proxy

An instrument appointing a proxy whether for a specified meeting or otherwise may as nearly as circumstances will admit, be in either of the two forms set out in Schedule IX to the Companies Act, 1956 or in such other form as the Directors may approve.

100. Validity of votes given by proxy notwithstanding death of member, etc.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given: Provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

101. Time of objections for vote

No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

102. Chairman of any meeting to be the judge of any vote

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

103. Equal rights of shareholders

Any shareholder whose name is entered in the Register of Members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

104. Chairman's declaration of result of voting by show of hands to be conclusive

A declaration by the Chairman in pursuance of Section 177 of the Act that a show of hands, a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

105. Demand for poll

(1) Before or on the declaration of the result of the voting on any resolution on a show of hands poll may be ordered to be taken by the Chairman of the meeting of his own motion, and

(2) shall be ordered to be taken by him on a demand made in that behalf by the person or persons specified below, that is to say:

a. by any member or members present in person or by proxy and holding shares in the company

i. which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or

ii. on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(3) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

106. Time of taking poll

(1) A poll demanded on a question of adjournment shall be taken forthwith.

(2) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than forty-eight hours from the time when the demand was made, as the Chairman may direct.

107. Restrictions on exercise of voting rights of members who have not paid calls, etc.

No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.

108. Restrictions on exercise of voting right in other cases to be void

A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in article 108.

109. Right of a member to use his votes differently

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be, need not, if he votes, use all his votes or cast in the same way, all the votes he uses.

110. Scrutineers at poll

(1) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.

(2) The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(3) Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed.

111. Manner of taking poll and result thereof

(1) Subject to the provisions of this Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(2) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

112. Power of Court to order meeting to be called

(1) If for any reason it is impracticable to call a meeting of the Company other than an Annual General Meeting in any manner in which meetings of the Company may be called or to hold or conduct the meeting of the Company in the manner prescribed by this Act or the Articles, the Court may either of its own motion or on the application of any Director of the Company or of any member of the Company who would be entitled to vote at the meeting:

(a) order a meeting of the Company to be called, held and conducted in such manner as the Court thinks fit, and

(b) give such ancillary or consequential directions as the Court thinks expedient, including directions modifying or supplementing in relation to the calling, holding and conducting of the meeting, the operation of the provisions of this Act and of the Company's Articles.

Explanation: The directions that may be given under Sub-section (1) of Section 186 of the Act may include a direction that one member of the Company present in person or by proxy shall be deemed to constitute a meeting.

(2) Any meeting called, held and conducted in accordance with any such order shall, for all purposes be deemed to be a meeting of the Company duly called, held and conducted.

113. Representation of body corporate

A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company including a holder of debentures may authorise such person by a resolution of its Board of Directors or other governing body as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company as provided in Section 187 of the Act.

114. Registration of Resolution and Agreement

The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

115. Circulation of members' resolution

The Company shall comply with the provisions of Section 188 of the Act relating to circulation of members' resolutions.

116. Resolutions passed at adjourned meeting

The provisions of Section 191 of the Act shall apply to resolution passed at an adjourned meeting of the Company, or of the holders of any class of shares in a Company and of the Board of Directors of the Company and the resolution shall be deemed for all purposes to be passed on the date on which in fact it was passed and shall not be deemed to have been passed on any earlier date.

117. Minutes of proceedings of General Meetings and of Board and other meetings

(1) The Company shall cause minutes of all proceedings of every General Meeting and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion

of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:

(a) in the case of minutes of proceedings of a meeting of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(b) in the case of minutes of proceedings of a General Meeting by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorised by the Board for the purpose.

(3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(6) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:

(a) The names of the Directors present at the meeting and

(b) In the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring in the resolution.

(7) Nothing contained in clauses (1) to (4) of this article shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the Meeting:

(a) is or could reasonably be regarded as defamatory of any person;

(b) is irrelevant or immaterial to the proceedings, or

(c) is detrimental to the interest of the Company.

Explanation: The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this clause.

118. Presumptions to be drawn where minutes duly drawn and signed

Where minutes of the proceedings of any General Meeting of the Company or of any meeting of, its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Sections 193 and 194 of the Act, then until the contrary is proved the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

119. Inspection of minute books of General Meetings

(1) The books containing the minutes of the proceedings of any General Meeting of the Company shall :

(a) be kept at the Registered Office of the Company; and

(b) be open during business hours to the inspection of any member without charge subject to such reasonable restrictions as the Company may by its Articles or in General Meeting impose so however that not less than two hours in each day are allowed for inspection.

(2) Any member shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company, with a copy of any Minutes referred to in clause (1) of this Article on payment of six annas for every one hundred words or fractional part thereof required to be copied.

120. Publication of reports of proceedings of General Meetings

No document purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

121. Number of Directors

The number of Directors shall not be less than 3 nor more than 12 including the Special Director, Debenture Director and Corporation Director, if any.

122. First Director(s)

The first directors of the company are

1. Mr. Atul C. Kirloskar
2. Mr. Gautam A. Kulkarni
3. Mr. R. R. Deshpande

123. Special Director(s)

(A) The Board of Directors of the Company, shall have the right, from time to time, to appoint, subject to the provisions of Articles Nos. 123 B, 124 and any other Article empowering the appointment of a Director not liable to retirement by rotation and in so far as no directors are appointed under those Articles, one-third of the total number of directors of the company, with power to remove any Directors or Director from office and on a vacancy being caused in such office from any cause, whether by resignation, death, removal or otherwise to appoint another person or

persons as Director or Directors of the Company. The Directors appointed under this Article are hereinafter referred to as 'Special Directors' and the term "Special Director" means the Director or Directors for the time being in office under this Article. Such Director or Directors shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or, subject to the provisions of the Act be removed from their or his office by the Company.

Corporation Director

(B) So long as any moneys be owing by the Company to the Industrial Credit & Investment Corporation of India Ltd., the Industrial Finance Corporation of India, or a State Financial Corporation or any Financial Institution owned and controlled by the Central Government or a State Government or the Reserve Bank of India, or by two or more of them, the Directors may authorise such Corporation, Financial Institution owned and controlled by the Central Government or a State Government or the Reserve Bank of India, or by two or more of them, to appoint from time to time any person/s as Director/s of the Company and may agree that such Director/s shall not be liable to retire by rotation and need not possess any qualification shares to qualify him/ them for the office of such Director/s and that such Corporation, Financial Institution, as mentioned above may from time to time remove any such Director/s and reappoint any person/s in his/their place subject to Section 255 and other applicable provisions, if any, of the Companies Act, 1956.

124. Debenture Director

Any trust deed for securing debentures or debenture-stock may, if so arranged, provide for the appointment from time to time by the Trustees thereof or by the holders of debentures or debenture-stock of some person to be a Director of the Company and may empower such Trustees or holders of debentures or debenture-stock from time to time to remove and reappoint any Director so appointed. The Director appointed under this Article is herein referred to as the "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

125. Alternate Director

The provisions of Section 313 of the Act shall apply and the Board of Directors may appoint any Alternate Director under the circumstances and during the period and subject to the conditions therein mentioned and the appointment made thereunder shall be subject to the provisions of that Section. An Alternate Director shall not be bound to hold any qualification shares.

126. Qualification of Director

A Director shall not be required to hold any qualification shares.

127. Remuneration of Directors

The remuneration of a Director for his services shall be such a sum as may be fixed by the Directors within the ceiling prescribed in the Companies Act, 1956 for each meeting attended by him, and such additional remuneration as may be fixed by the Directors in accordance with the provisions in the Companies Act, 1956, and such additional remuneration may be paid to anyone or more of their number for services rendered by him or them.

128. Expenses to Directors not a bonafide resident of Pune and to members of Committee

The Directors shall also be paid such sum as the Board may consider fair compensation for travelling, hotel and other expenses incurred in consequence of their attendance at Board Meetings, in addition to their fees for attending such meetings as above specified, and the Board of Directors may from time to time fix the remuneration to be paid to any members of their body constituting a Committee appointed by the Directors in terms of these Articles and may pay the same.

129. Special Remuneration of Directors going out of Pune on Company's business or otherwise performing extra services

If any Directors, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing out of Pune or otherwise for any of the purposes of the Company, the Company shall remunerate such Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

130. Commission to Directors

The Directors may be paid commission (if any) as the Company in General Meeting may from time to time subject to the provisions of the Act determine and such commission shall be divided among the Directors in such proportion and manner as

the Directors may from time to time determine and in default of such determination within the year equally.

131. Directors may act notwithstanding vacancy

The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum number fixed the Directors shall not except in emergencies or for the purpose of filling up vacancies or for summoning a General Meeting of the Company, act, as long as the number is below the minimum and they may so act notwithstanding the absence of a necessary quorum under the provisions of Article 156.

132. Eligibility

A person shall not be capable of being appointed a Director if he has the disqualification referred to in Section 274 of the Act.

133. Directors vacating office

(1) The Office of a Director shall become vacant if :

(a) he fails to obtain within the time specified in sub-section (1) of Section 270, or at any time thereafter ceases to hold the share qualification, if any, required of him by these Articles;

(b) he is found to be of unsound mind by a court of competent jurisdiction;

(c) he applies to be adjudicated an insolvent;

(d) he is adjudged an insolvent;

(e) he is convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;

(f) if he fails to pay any call in respect of shares of the Company held by him whether alone or jointly with others within six months from the last date fixed for payment of the call unless the Central Government has by notification in Official Gazette removed the disqualification incurred by such failure;

(g) he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months whichever is longer, without obtaining leave of absence from the Board;

(h) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a Director accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295;

- (i) he acts in contravention of Section 299;
 - (j) he becomes disqualified by an order of Court under Section 203;
 - (k) he is removed in pursuance of Section 284;
 - (l) having been appointed a Director by virtue of his holding any office or other employment in the Company he ceases to hold such office or other employment in the Company.
- (2) Notwithstanding anything in sub-clauses (d), (e) and (i) of Clause (1) of this Article the disqualification referred to in these clauses shall not take effect:
- (a) for 30 days from the date of the adjudication, sentence or order;
 - (b) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or,
 - (c) where within the seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition if allowed would result in the removal of the disqualification until such further appeal or petition is disposed of.

134. Directors may contract with Company

Subject to the restrictions imposed by these articles and by Sections 292, 293, 294, 295, 297, 300, 314, 370 and 372 of the Act, no Director or other officer or employee of the Company shall be disqualified by his office from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director, or officer or employee shall be in any way interested be avoided nor shall the Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director or officer or employee holding that office or of the fiduciary relation thereby established but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that Section shall be applicable.

135. Interested Director not to vote, etc.

In accordance with Section 300 of the Act, no Director shall, as a Director, vote or take part in any discussion in respect of any contract or arrangement in which he is interested and if he does so vote, his vote shall be void nor shall his presence count for the purpose of forming the quorum at the time of any such discussion or vote; provided that the above prohibition or restriction shall not apply to the extent or under the circumstances mentioned in sub-section (2) of Section 300 of the Act.

A General Notice such as is referred to in sub-section (3) of Section 299 shall be sufficient disclosure under this article as provided in that Section.

136. Directors may be Directors of Companies promoted by the Company

A Director, officer or employee of this Company may be, or become a Director of any Company promoted by this Company or in which it may be interested as a vendor, member or otherwise and no such Director shall be accountable for any benefits received as Director or member of such Company except to the extent and under the circumstances as may be provided in the Act.

137. Duty of Directors, etc. to make disclosure

(a) Every Director (which term shall include a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act) Managing Director, Manager or Secretary of the Company, shall, within 20 days of his appointment to or relinquishment of, any of the above offices in any other body corporate, disclose to the Company the particulars relating to the office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

Duty of Directors and persons deemed to be Directors to make disclosure of Share holdings

(b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (1) of Section 307 of the Act, and the Manager of the Company shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of the said Section 307.

138. Directors etc. not to hold office or place of profit.

Subject to the provisions of Section 314 of the Act, except with the consent of the Company accorded by a Special Resolution, no Director and no partner or relative of such a Director, no firm in which such a Director or relative is a partner, no private Company of which such a Director is a Director or member and no Director, or Manager of such a private Company shall hold any office or place of profit carrying a total monthly remuneration as may be provided in Section 314 or any amendments thereto from time to time, except that of Managing Director, Manager, Legal or Technical Adviser, Banker or Trustee for the holders of Debentures of the Company.

139. Certain powers to be exercised by Board only at meeting

The Board of Directors of the Company shall exercise the following powers only by means of Resolutions passed at the meetings of the Board -

- (a) The power to make calls on shareholders in respect of money unpaid on their shares;
- (b) The power to issue Debentures;
- (c) The power to borrow moneys otherwise than on Debentures;
- (d) The power to invest the funds of the Company;
- (e) The power to make loans.

The said powers may be delegated by the Board subject to the provisions of Section 292 and only to the extent and in the manner therein provided.

140. Restrictions on powers of Board

The Board of Directors shall not except with the consent of the Company in General Meeting exercise the powers contained in Section 293 of the Act.

141. Appointment of Sole Selling Agents to require approval of the Company in General Meeting

(1) The Company shall not appoint a Sole Selling Agent for any area for a term exceeding five years at a time. Provided that nothing in this clause shall be deemed to prohibit the reappointment or the extension of the term of office, of any Sole Selling Agent by further periods not exceeding five years on each occasion.

(2) The Board of Directors shall not appoint a Sole Selling Agent for any area except subject to the condition that the appointment shall cease to be valid if it is not approved by the Company in the General Meeting held after the date on which the appointment is made.

142. Loans to Directors

(1) Save as otherwise provided in Clause (2), the Company shall not without obtaining the previous approval of the Central Government in that behalf directly or indirectly make any loan to or give any guarantee or provide any security in connection with a loan made by any other person to or any other person by :

(a) any Director of the Company or of a Company which is its holding company or any partner or relative of any such Director;

(b) any firm in which any such Director or relative is a partner;

(c) any private company of which any such Director is a Director or member;

(d) any body corporate at a General Meeting of which not less than twenty five per cent of the total voting power may be exercised or controlled by any such Director, or by two or more such Directors together; or

(e) any body corporate, the Board of Directors, Managing Director, or Manager whereof is accustomed to act in accordance with the directions or instructions of the Board or of any Director or Directors of the Company.

(2) Clause (1) of this Article shall not apply to any loan made, guarantee given or security provided to its subsidiary.

Saving regarding book debts

(3) Section 295 of the Act shall apply to any transaction represented by a book debt which was from its inception in the nature of a loan or an advance.

143. Board's sanction to required for certain contracts in which particular Directors are interested

A Director of the Company or his relative, a firm in which such Director or relative is a partner, any other partner in such firm or a private company of which the Director is a member or director may, subject to the provisions of Section 297 of the Act and with the consent of the Board of Directors of the Company enter into any contract with the Company

(i) for the sale, purchase and supply of any goods, materials, or services; or

(ii) for underwriting the subscription of any shares in or debentures of the Company.

Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board and not otherwise and subject to the provisions of Section 297 of the Act, such consent shall be accorded before the contract is entered into or within three months of the date on which it was entered into.

144. Rotation of Directors

Not less than two-thirds of the total number of Directors shall (a) be persons whose period of office is liable to determination by retirement of Directors by rotation and (b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

145. Ascertainment of Directors retiring by rotation and filling up vacancies

(1) At every Annual General Meeting one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

(2) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire, shall in default of and subject to the agreement among themselves be determined by lot.

(3) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointment of the retiring Director or other person thereto.

(4) (a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting has also not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless

(i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost.

(ii) the retiring Director has by notice in writing addressed to the Company, or its Board of Directors expressed his unwillingness to be so reappointed.

(iii) he is not qualified or is disqualified for appointment,

(iv) a resolution, whether special or ordinary is required for his appointment or reappointment by virtue of any provisions of the Act, or

(v) the proviso to sub-section(2) of Section 263 of the Act is applicable to the case.

(5) Where a Director is to retire at any Annual General Meeting by virtue of sub-section (2) of Section 256 of the Act, he shall be deemed for the purposes of that Section, to retire by virtue of sub-section (2) of Section 256 of the Act.

146. Removal of Directors

Subject to the provisions of Articles 123A, 124 and 125 the Company may by Ordinary Resolution remove any Director (not being a Director appointed by the Central Government in pursuance of Section 408 of the Act) in accordance with the provisions of Section 284 of the Act. A Director so removed shall not be reappointed a Director by the Board of Directors.

147. Right of persons other than retiring Directors to stand for Directorships

A person who is not a retiring Director shall subject to the provisions of the Act, be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him has not less than fourteen days before the Meeting, left at the office of the Company a notice in writing under his hand

signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be along with a deposit of Rs. 500/- which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as a director.

The Company shall inform its members of the candidature of a person for the office of the Director or the intention of a member to propose such person as a candidate for that office by serving individual notice on the members not less than seven days before the meeting.

Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in English language and the other in the regional language of that place.

148. Consent of candidate for Directorship to be filed with the Registrar

(1) Every person (other than a person who has left at the office of the Company a notice under Section 257 signifying his candidature for the office of Director) proposed as candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.

(2) A person other than a Director reappointed after retirement by rotation, shall not act as a Director of a Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

149. Meeting of Directors

The Directors may meet together as a Board for despatch of business, from time to time and shall hold a meeting at least once in every three months and at least four such meetings shall be held in every year. They may adjourn and otherwise regulate their meetings and proceedings as they may think fit.

150. When meeting to be convened

A Director may and the Manager or Company Secretary on the requisition of a Director shall at any time summon a meeting of the Board of Directors.

151. Notice of Meeting to Directors

Notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director.

152. Questions at Board Meeting how decided

Questions arising at any time shall be decided by majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote.

153. Who to preside at meetings of the Board

(a) The Directors shall elect from among themselves Chairman and Vice- Chairman for such period as the resolution appointing them may specify.

(b) All meetings of the Directors shall be presided over by the Chairman. But, if at any meeting of the Directors the Chairman is not present at the time appointed for holding the same, then and in that case, the Vice-Chairman shall preside over the meetings of the Directors. If both the Chairman and Vice-Chairman be not present for presiding over the meetings of the Directors as aforesaid, the Directors shall choose one of the Directors then present to preside at the meeting.

154. Quorum

The quorum at meetings of the Directors shall be that prescribed by Section 287 of the Act.

155. Quorum competent to exercise power

A Meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations or articles of the Company for the time being vested in or exercisable by the Directors generally. Provided that where at any time the number of interested Directors exceeds or is equal to 2/3rd of the total strength, the number of remaining Directors that is to say, the number of the Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.

156. Procedure where meeting adjourned for want of quorum

If a meeting of the Board could not be held for want of quorum, then the meeting shall stand dissolved.

The provisions of Section 285 of the Act shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms of that section could not be held for want of a quorum.

157. Directors may appoint committee

Subject to Section 292 of the Act, the Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit, and they may from time to time revoke such delegation. Any

Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors and subject thereto may regulate its own procedure.

158. Resolution by circular

No resolution shall be deemed to have been duly passed by the Board, or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or committee, as the case may be), and to all other Directors or members at their usual address in India and has been approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote on the resolution.

159. Increase of number of Directors etc.

Subject to the provisions of Sections 252, 255, and 259 of the Act, the Company in General Meeting may, by ordinary Resolution, increase or reduce the number of its Directors within the limits fixed in that behalf by the Articles.

160. Additional Directors and casual vacancies

Subject to the provisions of Sections 260, 261, 262 and 284 of the Act, the Directors shall have power at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board but so that the total number of Directors shall not exceed the maximum number fixed by the Article.

An additional Director appointed pursuant to this Article shall hold office only up to the date of the next Annual General Meeting of the Company but shall be eligible for re-election thereat.

Any person appointed to fill a casual vacancy pursuant to this Article shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated.

161. Acts of Board or Committee valid notwithstanding defect of appointment

All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or person acting as aforesaid, or that they or any of them were disqualified or that their or his appointment had terminated by virtue of any provision contained in the Articles or the Act, be as valid as if every such person had been duly appointed and was qualified to be a Director.

162. Minutes of proceedings of the Board and the Committee to be valid

The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with the Articles and Section 193 of the Act.

163. Register of Directors

The Directors shall cause to be kept at the Registered office (a) a Register of the Directors and Managers of the Company containing the particulars required by Section 303 of the Act and (b) a Register of contracts of companies and firms in which they are interested, containing the particulars required by Section 301 of the Act and (c) a Register of Directors' shareholdings containing the particulars required by Section 307 of the Act. They shall also cause to be kept other Registers and indices as required by the Act.

164. Inspection of Register

The Company shall comply with the provisions of the said Sections 301, 303, 307, and other Sections of the Act with regard to inspection thereof and furnishing copies or extracts so far as the same shall be applicable to the Company.

165. General powers of the Company vested in Directors

Subject to the provisions of the Act the Management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and are not hereby or by Statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and any other Act and of the Memorandum of Association and the Articles and to any regulations not being inconsistent with the Memorandum of Association and the Articles or the Act from time to time made by the Company in General Meeting. Provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The restrictions contained in Sections 292, 293, 294, 295, 297, 299, 300, 370 and 372 shall be observed in regard to matters therein mentioned so far as the same shall be applicable to the Company.

166. Specific powers given to Directors

Without prejudice to the general powers conferred by the last preceding article and the other powers conferred by these presents and so as not in any way to limit or restrict any or all those powers, it is hereby expressly declared that subject as aforesaid, the Directors shall have the following powers :-

(1) To pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(2) To pay and charge to the capital account of the Company any interest lawfully payable there out under the provisions of Section 208 of the said Act.

(3) (a) to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit.

(b) to acquire by purchase, lease or in exchange or otherwise lands, buildings, hereditaments, machinery, rights, privileges or properties movable and immovable.

(c) to erect, construct, enlarge, improve, alter, maintain, pull down, rebuild or reconstruct any buildings factories, offices, workshops or other structures necessary or convenient for the purpose of the Company and to acquire lands for the purposes of the Company.

(d) to let, mortgage, charge, sell or otherwise dispose of, subject to the provisions of Section 293 of the Act any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, on the security of the properties mortgaged or charged in favour of the Corporation without the previous consent of the Corporation in writing.

(4) At their discretion to pay for any property rights or privileges acquired by or services rendered to the Company either wholly or partially in cash or in shares, bonds, debentures, debenture-stock or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture-stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper, all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

(6) Subject to Section 292 of the Act, to open accounts with any Bank or Bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit.

(7) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they may think fit.

(8) To attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in

payment for service rendered to the Company, such conditions subject to the provisions of the Act as to the transfer thereof as they think fit.

(9) To accept from any member on such terms and conditions as shall be agreed a surrender of his shares or stock or any part thereof subject to the provision of the Act.

(10) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such Trustee or Trustees.

(11) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts, dues or of any claims or demands by or against the Company.

(12) To refer, subject to the provisions of Section 293 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards.

(13) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(14) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Act.

(15) To determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents.

(16) Subject to the provisions of Section 292 and 293 of the Act, to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments.

(17) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property present and future as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on.

(18) Subject to such sanction as may be necessary under the Act or the Articles to give to any Director, officer or other person employed by the Company, an interest

in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise and such interest or commission shall be treated as part of the working expenses of the Company.

(19) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families of the dependants or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility or otherwise.

(20) To subscribe or contribute or otherwise to assist or guarantee money to public, political and any other institutions, funds, objects or purposes which in the opinion of the Board of Directors are likely to promote the interest or the business of the Company or to further its objects and/ or to charitable and other funds not directly relating to the business of the Company or the welfare of its employees or for any exhibition.

(21) Before recommending any dividend to set aside out of the profits of the Company, such sums as they think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking or any other Special Fund to meet contingencies or to repay Redeemable Preference Shares/Debentures or/Debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any part of the property of the Company and for such other purposes as the Directors may, in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such Special Funds, as the Directors think fit and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption of Redeemable preference Shares, Debentures or Debenture-stock and that without being bound to keep the same separate from others bound to pay interest on the same, with power, however, to the Directors at their discretion to pay or allow to the credit of such Fund interest at such rate as the Directors may think proper.

(22) To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and Servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit. And from time to time to provide for the management and transaction of the affairs of the Company in any

special locality in India in such manner as they think fit and the provisions contained in clauses 24 and 25 of this article followed shall be without prejudice to the general powers conferred by this clause.

(23) To comply with the requirements of any local law which in their opinion, it shall in the interests of the Company be necessary or expedient to comply with.

(24) To establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of any Local Boards and to fix their remuneration and from time to time and at any time but subject to Section 292 of the Act, to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors, other than their powers to make calls and to authorise the members for the time being of any such Local Board , or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation. Any such delegates as aforesaid, may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(25) At any time and from time to time by power of attorney to appoint any person or persons to be the attorney or attorneys, of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors) under these presents and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) be made in favour of the members or any of the members of any Local Board established as aforesaid or in favour of any Company or the Members, Directors, Nominees or Managers of any Company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of person dealing with such attorneys as the Directors may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(26) Subject to the provisions of the Act generally and from time to time and at any time to authorise, empower or delegate to (with or without powers of such delegation) any officer or officers or employee for the time being of the Company all or any of the powers, authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any, as the Directors may think proper.

(27) To enter into all such negotiations and contract and rescind and vary all such contracts and do execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

167.(A) Appointment of Managing Director or Whole Time Director(s)

(A) Subject to the provisions of Sections 197A, 267, 268, 269, 309, 310, 311, 316 and 317 and other applicable provisions of the Act, the Company in General Meeting or the Directors may from time to time appoint anyone or more of their body to be a Managing Director or Managing Directors (in which expression shall be included a Joint Managing Director or a Deputy Managing Director) or Whole Time Director or Whole Time Directors of the Company for such term not exceeding five years at a time as may be thought fit to manage the business and affairs of the company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from such office and appoint another or others in his or their place or places.

Not liable to retire

167 (B) The Managing Director or Whole Time Director, while he continues to hold that office shall not be subject to retirement by rotation but he shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation or removal of the other Directors of the Company and he shall ipso facto immediately cease to be Managing Director or Whole Time Director if he ceases to hold the office of a Director for any cause; provided that if at any time the number of Directors (Including the Managing Director or Whole Time Director) as are not subject to retirement by rotation shall exceed onethird of the total number of the Directors for the time being, then such Managing Director or Managing Directors or Whole Time Director or Whole Time Directors as the Directors shall from time to time select shall be liable to retirement by rotation to the extent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

A Managing Director or a Whole Time Director, who is reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Managing Director or Whole Time Director and such reappointment as such Director shall not be deemed to constitute a break in his appointment, as Managing Director or Whole Time Director.

167. (C) Remuneration of Managing Director or Whole Time Director (s)

The remuneration of a Managing Director or Whole Time Director shall subject to the provisions of any contract between the Company and him be from time to time fixed by the Board of Directors and subject to the provisions of the Act, may be by way of fixed salary or commission on profit of the Company, or by any or all these modes and may be in addition to the remuneration for attendance at the Board Meetings and any other remuneration which may be provided under any other Articles.

167. (D) Powers and duties of Managing or Whole Time Director(s)

The Directors may from time to time subject to the provisions of the Act entrust to or confer upon the Managing Director or Whole Time Director for time being, such of the powers exercisable by the Directors under these presents or by law, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think fit, and they may confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Without prejudice to the generality of foregoing provisions of these Articles of Association and subject to the superintendence, direction and control of the Board of Directors of the Company and subject to the provisions of the Act and subject to the restrictions imposed by the Act on exercise by the Managing Director of his powers the Managing Director shall have the general conduct and management of the whole of the business and affairs of the Company except in matters which may be specifically required to be done by the Board of Directors either by the Act or by the Articles; in particular and without in any way restricting the general powers hereinbefore conferred, the Managing Director shall subject as aforesaid, have and exercise on behalf of the company the powers conferred by the Agreement or Board Resolution appointing the Managing Director and by the Articles from time to time and by the Directors from time to time.

168. The Seal ,its custody and use

The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Directors shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by or under authority of the Directors or a Committee of the Directors previously given and in presence of one Director at the least, who shall sign every instrument to which the Seal is affixed and every such instrument shall be countersigned by the Company Secretary or such other officer or person as the Directors may from time to time resolve. PROVIDED THAT in the case of any certificate of title to any shares of the company, the Common Seal, shall be affixed thereto as provided hereinabove and in accordance with the Companies (Issue of Share Certificates) Rules, 1960.

Seals abroad

The Company may exercise the powers conferred by Section 50 of the Act and such powers shall accordingly be vested in the Directors.

169. Payment of interest out of capital

Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or buildings or the provisions of any

plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant.

170.Division of profits

The profit of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum and the Articles and subject to the provisions of the Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively.

171. Dividend not to be paid except to registered shareholders

No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his Banker.

172. Dividend to be paid within 30 days

Where a dividend has been declared by the Company it shall be paid within thirty (30) days from the date of the declaration except as provided in Section 207 of the Act.

173. Capital paid up in advance at interest not to earn dividend

Where the capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest confer a right to participate in profits.

174. Dividend in proportion to amount paid up

The Company shall pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some of the shares than on others.

175. Company in General Meeting may declare dividend

The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

176. Power of Directors to limit dividend

No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.

177. Dividend to be paid only out of profits

No dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of Section 205 or out of undistributed profits for any previous financial year or years arrived at after providing for such depreciation in accordance with the provisions of Section 205 and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of a guarantee given by the Government. No dividend shall carry interest as against the Company.

178. Declaration as to net profits

The declaration of the Directors as to the amounts of the net profits of the Company shall be conclusive.

179. Interim dividends

The Directors may, from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies. The provisions of Articles 173 and 174 shall apply in regard to payment thereof.

180. Retention of dividend until completion of transfer

The Directors may retain the dividends payable upon shares in respect of which any person is, under the Transmission Clause, entitled to become a member, of which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

181. No member to receive dividend whilst indebted to the Company and the Company's rights to reimbursement therefrom

Subject to the provisions of the Act no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of money so due from him to the Company.

182. Transferred shares must be registered

Subject to the provisions contained in Section 206A of the Companies Act, 1956, transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer.

183. Dividends new remitted

Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

184. Unclaimed dividend

All unpaid or unclaimed dividends shall be dealt with in accordance with the provisions of Section 205A of the Act.

185. Dividend and call together

Any General Meeting declaring a dividend may make a call on the members for such amount as the meeting fixes, but so that a call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

186. Set-off allowed

The making of a call under the preceding Article 185 shall be deemed ordinary business of an Annual General Meeting which declares a dividend.

187. Special Provision in reference to dividend

Subject to the provisions of Section 205 of the Act, and if and in so far as it may not be prohibited by that Section or any other provisions of the Act, any General Meeting sanctioning or declaring a dividend in terms of these Articles may direct payment of such dividend wholly or in part by the distribution of (a) partly or fully paid up shares, (b) debentures or debenture-stock, (c) any specific assets or property of the Company, or in anyone or more of such ways and the Directors shall give effect to such direction and where any difficulty arises in regard to the distribution they may settle the same as they think expedient and in particular may issue fractional certificates and may fix the value for the distribution of such specific assets or any part thereof and may determine that such payments shall be made to any members upon the footing of the value so fixed fractions of less value than one rupee may be disregarded in order to adjust the rights of the parties and may vest any such shares, debentures, debenturestock or specific assets in trustees upon such trusts for the person entitled to the dividends as may seem expedient to the Directors. Where requisite, the Directors shall comply with Section 75 of the Act and the Directors may appoint any person to sign any contract thereby required

on behalf of the person entitled to the dividend and such appointment shall be effective.

188. Capitalisation

Any General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from realisation of any capital assets of the Company), standing to the credit of the Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend or representing the premiums received on the issue of shares and standing to the credit of the share premium account be capitalized

(1) by the distribution among the holders of the shares of the Company or any of them on the footing that they become entitled thereto as capital in accordance with the respective rights and interests and in proportion to the amounts paid or credited as paid thereon of paid up shares, debentures or debenture-stock, bonds or other obligations of the Company, or

(2) by crediting shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid thereon respectively with the whole or any part of the sums remaining unpaid thereon. And the Directors shall give effect to such resolution and apply such portion of the profits or Reserve Fund or any other fund as may be required for the purposes of making payment in full or part for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed or as the case may be for the purpose of paying in whole or in part, the amount remaining unpaid on the shares, which may have been issued and are not fully paid up, provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended, such distribution and payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. For the purpose of giving effect to any such resolution, the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificate and generally may make such arrangement for the acceptance, allotment and sales of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as they may think fit and may make cash payments to any holders of shares on the footing of the value so fixed in order to adjust rights and may vest any shares, debentures, debenture-stock, bonds or other obligations in trustees upon such trusts for adjusting such rights as may seem expedient to the Directors. In cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon so that as between the holders of the fully paid shares and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amounts then already paid or credited as paid on the existing fully paid and partly paid shares respectively. When deemed requisite, a proper contract shall be filed in

accordance with the Act and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company which have been issued prior to such capitalisation and such appointment shall be effective.

189. Accounts

The provisions of Sections 209 to 222 of the Act shall be complied with in so far as the same be applicable to the Company.

190. Books of accounts to be kept

The Company shall cause proper books of accounts to be kept with respect to :-

- (a) all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure take place;
- (b) all sales and purchases of goods by the Company
- (c) the assets, credits and liabilities of the Company.

The books of account shall be kept at the Registered Office of the Company or subject to the provisions of Section 209 of the Act such other place or places as the Directors think fit and shall be open to inspection by the Directors during business hours.

191. Inspection by members of accounts and books of the Company.

The Directors shall, subject to the provisions of Section 209, from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting. The books of account shall be open to inspection by any Director during business hours.

192. Statement of accounts and report to be furnished to General Meeting

(1) Once at least in every calendar year, the Directors shall lay before the Company at the Annual General Meeting held in pursuance of Section 166 of the Act:

(a) a Balance Sheet as at the end of the period specified in Section 210 of the Act, and

(b) a Profit and Loss Account for the period.

(2) The Profit and Loss Account shall relate to the period beginning with the day immediately after the period for which the account was last submitted and ending

with a day which shall not precede the day of the meeting by more than six months or in case where an extension of time has been granted for holding the meeting under the second proviso to Sub-section (1) of Section 166 by more than 6 months and the extension so granted.

(3) Every Balance Sheet of the Company shall give a true and fair view of the state of affairs of the Company as at the end of the financial year and shall subject to the provisions of Section 211 of the Act, be in the form required by the Act.

(4) Every Profit and Loss Account of the Company shall give a true and fair view of the profit and loss of the Company for the financial year and shall subject to the provisions of Section 211 of the Act, comply with the requirements of the Act relating thereto.

(5) The provisions of Section 212 to 214 of the Act shall be complied with whenever the same be applicable.

(6) The authentication of the Balance Sheet and Profit and Loss Account shall be done in the manner required by Section 215 of the Act.

(7) The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditors' Report (including the Auditors' special or supplementary reports, if any) shall be attached thereto.

(8) There shall be attached to every Balance Sheet laid before the Company in General Meeting a Report of the Board of Directors with respect to :

(a) the state of the Company's affairs;

(b) the amounts, if any, set aside by them purported to be set aside for any reserves in such Balance Sheet;

(c) the amount, if any, which is recommended should be paid by way of dividend;

(d) material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the report.

The Directors' Report shall comply with other requirements of Section 217 of the Act.

193. Balance sheet and other documents to be sent to the address of every member

(i) The Balance Sheet and the Profit and Loss Account shall be signed by the person or persons and in the manner laid down in Section 215 of the Act so far as applicable to the Company.

(ii) A copy of every Balance Sheet (including the Profit and Loss Account, the Auditors' report and every other document required by law to be annexed or attached, as the case may be, to the Balance Sheet) which is to be laid before a Company in General Meeting shall, not less than 21 days before the date of the meeting, be sent to every member of the Company, to every trustee for the holders of any Debentures issued by the company, whether such member or trustee is or is not entitled to have notices of General Meetings of the company sent to him, and to all persons other than such members or trustees, being persons so entitled;

PROVIDED THAT this Article shall not require a copy of the documents aforesaid to be sent:

a. to a member, or holder of Debentures of the company, who is not entitled to have notices of General Meetings of the company sent to him and of whose address the company is unaware;

b. to more than one of the jointholders of any Shares or Debentures none of whom is entitled to have such notices sent to him.

c. in the case of joint holders of any Shares or Debentures some of whom are and some of whom are not entitled to have such notices sent to them, to those who are not so entitled;

d. if the copies of the documents aforesaid are made available for inspection at the Registered Office during working hours for a period of 21 days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the company may deem fit, is sent to every member of the Company and to every trustee for the holders of any Debenture issued by the company not less than 21 days before the date of the meeting.

(iii) Any member or holder of Debentures of a company and any person from whom the company has accepted a sum of money by way of deposit shall, on demand, be entitled to be furnished free of cost, with a copy of the last Balance Sheet of the company and of every document required by law to be annexed or attached thereto including the Profit and Loss account and the auditors' report.

(iv) The company shall comply with all the requirements of section 219 of the Act in this behalf.

194. Copy of Balance Sheet, Profit & Loss Account & Auditors' Report to be filed with the Registrar of Companies.

After the Balance Sheet and Profit and Loss Account have been laid before the Company at the General Meeting, three copies thereof signed as may be required by the Act shall be filed with the Registrar, in accordance with the provisions of Section 220 of the Act, together with the Annual List of Members and certificates,

if any, prepared in accordance with the requirements of Section 159 of the Act so far as the same be applicable to the Company.

195. Accounts to be Audited

Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditor or Auditors.

196. Appointment of Auditors

The Company shall appoint an Auditor or Auditors at each Annual General Meeting and the provisions of Sections 224 to 230 (inclusive) of the Act with regard to the appointment, remuneration, removal, qualification, disqualification, powers and duties, audits of branch office and signature of Audit Report and reading and inspection of the Report shall apply so far as the same may be applicable to the Company. The Company shall comply with the provisions of those Sections so far as the same may be applicable to the Company. The Company and the Directors, as the case may be, may fix the remuneration of the Auditor or Auditors as the Company or the Directors, as the case may be, may think fit, subject to any provisions of the Act in that behalf and may pay the same.

197. Accounts when audited and approved to be conclusive except as to errors discovered within three months

Every account when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the accounts shall forthwith be corrected and thenceforth shall be conclusive.

198. Notices, Service of Notice on the Company

A notice may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by Registered Post or by leaving it at its Registered Office.

The term 'Notice' in this and the following Articles shall include summons, notice, requisition order or legal process and any document in relation to winding up of the Company.

199. Service of Notice on the Registrar

A notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by Registered Post, or by delivering it to, or leaving it for him at his office.

200. Service of notice on members by the Company

(1) A notice may be served by the Company on any member either personally or by sending it by post to him to his registered address in India or if he has no registered address in India to the address, if any, within India supplied by him to the Company for the giving of notice to him.

(2) Where a notice is sent by post:

(a) service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document, provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and

(b) unless the contrary is proved, such service shall be deemed to have been effected:

(i) in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the same is posted, and

(ii) in any other case, at the time at which the letter should be delivered in the ordinary course of post.

(3) A notice advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notice to him.

(4) A notice may be served by the Company on the joint holder of a share by serving it on the joint holder named first in the Register in respect of the shares.

(5) A notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by title of representatives of the deceased or assigns, of the insolvent or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

201. Persons entitled to notice of General Meeting

Subject to the provisions of the Act, notice, of every General Meeting shall be given:

(1) to every member of the Company in the manner authorised by Subsection (1) to (4) of Section 53 of the Act,

(2) to the persons entitled to a share in consequence of the death or insolvency of a member under Section 172 (2) (ii) of the Act.

(3) to the Auditor or Auditors, in the manner authorised by Section 53 of the Act in the case of any member or members of the Company.

202. Notice by the Company and signatures thereto

Any notice to be given by the Company shall be signed by a Director the Company Secretary or by such officer as the Directors may appoint and the signatures thereto may be written, printed or lithographed.

203. Authentication of documents and proceedings

Save as otherwise expressly provided in the Act, a document or the proceeding requiring authentication by a Company may be signed by a Director, the Manager, the Company Secretary or other authorised Officer of the Company and need not be under its Common Seal.

204. Distribution of assets

Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be sufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions,

205. Distribution in specie or kind

Subject to the provisions of the Act:

(1) If the Company shall be wound up whether voluntarily or otherwise the Liquidators may with the sanction by a Special Resolution divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction vest any part of the assets of the Company in trustees upon

such trusts for the benefit of the contributories, or any of them as the Liquidators, with the like sanction, shall think fit.

(2) If thought expedient any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with legal right of the contributories shall be determined on any contributory who would be prejudiced thereby shall have the right if any, and ancillary rights to dissent if such right be given by the Act.

(3) In case any shares to be divided aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the resolution, by notice in writing direct the Liquidators to sell his proportion and pay him the net proceeds and the liquidators shall, if practicable act accordingly.

206. Rights of shareholders in case of sale

Subject to the provisions of the Act, a Special Resolution sanctioning a sale to any other company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights, if any, such rights be given by the Act.

207. Secrecy Clause

Subject to the provisions of the Act, no member shall be entitled to visit or inspect any Works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's business or trading, or any other matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, will be inexpedient in the interests of the members of the Company to communicate to the public.

208. Directors' and others' right to indemnity

(a) Subject to the provisions of Section 201 of the Act, every Director of the Company, the Manager, Company Secretary and other Officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs/losses and expenses (including travelling expenses) which such Director, Manager, Company Secretary and other officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Company Secretary, Officer or Servant or in any way in the discharge of his duties

and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.

(b) Subject as aforesaid every Director, Managing Director, Manager, Company Secretary or other Officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of this Act in which relief is given to him by the Court.

209. Not responsible for acts of others

Subject to the provisions of Section 201 of the Act, no Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or Corporation with whom any moneys, securities, or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement, omission or default or oversight on his part or for any other loss or damage or misfortune whatever, which shall happen in the execution of the duties of his office in relation thereto unless the same happens through his own dishonesty.

SECTION VIII – OTHER INFORMATION

Material Contracts and Documents for Inspection

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Information Memorandum) which are or may be deemed material have been entered or to be entered into by our Company. The material documents and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 am to 4.00 pm on working days from the date of this Information Memorandum until listing.

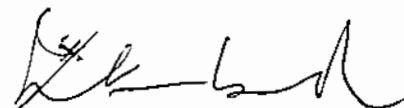
1. Memorandum and Articles of Association, as amended till the date of this Information Memorandum
2. Tripartite agreement dated 27 April 2010 entered into by KOEL, Link Intime India Private Limited and NSDL.
3. Tripartite agreement dated 29 May 2010 entered into by KOEL, Link Intime India Private Limited and CDSL.
4. Reports of the Statutory Auditors of the company dated 14 May 2010 and as mentioned in this Information Memorandum.
5. Scheme of arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with its order dated 19 March 2010.
6. Orders of the Hon'ble High Court of Judicature at Bombay dated 31 July 2009 and 19 March 2010 approving the scheme of arrangement.
7. Copies of Form 21 filed with ROC, Pune.
8. Letter no. CFD/DIL/SP/DK/23518/2010 dated 13 October 2010 granting permission by SEBI for Relaxation of the Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957

DECLARATION

All statements made in this Information Memorandum are true and correct

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR KIRLOSKAR OIL ENGINES LIMITED



ATUL C. KIRLOSKAR
CHAIRMAN AND MANAGING DIRECTOR

Pune: 16 December 2010

