



KIRLOSKAR OIL ENGINES LIMITED

Enriching Lives

**To
Members of the Company**

**ABSTRACT AND MEMORANDUM PURSUANT TO SECTION 302 OF THE
COMPANIES ACT, 1956**

- A. The Board of Directors of the Company, in its meeting held on 30 March 2010, appointed Mr. Atul C. Kirloskar as Managing Director of the Company, for a period of 5 years from 31 March 2010. The Board has also determined the remuneration payable to him during his current tenure as Managing Director. The appointment of Mr. Atul C. Kirloskar as Managing Director was approved by the shareholders in the Annual General Meeting held on 9 July 2010. The shareholders also authorized the Board of Directors of the Company to revise the remuneration payable to Mr. Atul C. Kirloskar from time to time during his current tenure as Managing Director, subject to the ceilings laid down in Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the said Act, without any further approval of the shareholders of the Company with such other approvals, sanctions and permissions, if any required for such revision in the remuneration.

Further to the aforesaid authority given by the shareholders, the Board of Directors of the Company, in its meeting held on 13 May 2011, revised the remuneration payable to Mr. Atul C. Kirloskar, Managing Director by increasing his basic salary from Rs. 5,20,000/- per month to Rs. 10,00,000/- per month, with effect from 13 May 2011. In addition to aforesaid salary, the following perquisite to which he is entitled is revised as under:

“A car with driver.”

All other terms and conditions of his appointment as approved by the shareholders in the Annual General Meeting held on 9 July 2010 remain unchanged.

Mr. Atul C. Kirloskar is interested to the extent of remuneration payable to him. Mr. Rahul C. Kirloskar, Whole Time Director of the Company, may be deemed to be interested as, being brother, is related to Mr. Atul C. Kirloskar. He has no pecuniary interest therein.

No other Director of the Company is concerned or interested.

- B. The services of Mr. Gautam A. Kulkarni have been transferred on a continuous basis from Kirloskar Industries Limited (Demerged Company- earlier known as Kirloskar Oil Engines Limited - KIL) to the Company, with effect from 31 March 2010 for the balance period of his term, i.e. upto 19 August 2013, pursuant to the Scheme of Arrangement for Demerger between KIL and the Company 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, which came into effect on 31 March 2010.



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Pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary for the appointment and remuneration of said director will continue as per agreements entered with him by Kirloskar Industries Limited.

Further the Board of Directors of the Company in its meeting held on 13 May 2011 has revised the remuneration payable to him by increasing his basic salary from Rs. 5,00,000/- per month to Rs. 10,00,000/- per month, with effect from 13 May 2011. In addition to aforesaid salary, the following perquisite to which he is entitled is revised as under:

“A car with driver.”

All other terms and conditions of his appointment (as per agreement) remain unchanged.

Mr. Gautam A. Kulkarni is interested to the extent of remuneration payable to him. Mr. Nihal G. Kulkarni, Director of the Company, may be deemed to be interested as, being son, is related to Mr. Gautam A. Kulkarni. He has no pecuniary interest therein.

No other Director of the Company is concerned or interested.

- C. The services of Mr. Rahul C. Kirloskar have been transferred on a continuous basis from Kirloskar Industries Limited (Demerged Company- earlier known as Kirloskar Oil Engines Limited - KIL) to the Company, with effect from 31 March 2010 for the balance period of his term, i.e. up to 4 June 2011, pursuant to the Scheme of Arrangement for Demerger between KIL and the Company 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, which came into effect on 31 March 2010.

Pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary for the appointment and remuneration of said director will continue as per agreements entered with him by Kirloskar Industries Limited.

Further the Board of Directors of the Company in its meeting held on 13 May 2011 has revised the remuneration payable to him by increasing his basic salary from Rs. 5,00,000/- per month to Rs. 10,00,000/- per month, with effect from 13 May 2011.

In addition to aforesaid salary, the following perquisite to which he is entitled is revised as under:

“A car with driver.”



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All other terms and conditions of his appointment (as per agreement) remain unchanged.

Further the Board of Directors in its meeting held on 13 May 2011 re-appointed Mr. Rahul C. Kirloskar as the Whole-time Director for a further period of five years with effect from 5 June 2011. The Board of Directors had also determined the remuneration payable to Mr. Rahul C. Kirloskar as Whole Time Director of the Company. The said appointment as Whole Time Director as well as remuneration is subject to the approval by the shareholders in the Annual General Meeting.

Pursuant to Section 302 of the Companies Act, 1956, an abstract of the resolution passed by the Board of Directors on 13 May 2011 is as follows:

Pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 read with Articles 167 (A), 167 (B) and 167 (C) of the Articles of Association of the Company and subject to other approvals as may be necessary, Mr. Rahul C. Kirloskar be and is hereby re-appointed as the Whole-time Director of the Company for a period of 5 (Five) years with effect from 5 June 2011 upon the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. Rahul C. Kirloskar on the remuneration set out below:

SALARY:

Rs. 10,00,000/- (Rupees Ten Lacs 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 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 not exceeding Rs. 2,00,000 per annum.
- 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.



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- f. A car with driver.
- 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 of 30 days' 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 of may be encashed at the end of the tenure.
- k. Education allowance for the education of his children as per Company rules.

“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.

Mr. Rahul C. Kirloskar will be a Director liable to retire by rotation and his re-appointment as such Director shall not be deemed to constitute a break in his appointment as whole-time Director.

Mr. Rahul C. Kirloskar is interested to the extent of remuneration payable to him. Mr. Atul C Kirloskar, Chairman and Managing Director of the Company, may be deemed to be interested in the appointment as, being brother, is related to Mr. Rahul C. Kirloskar. He has no pecuniary interest therein.

No other Director of the Company is concerned or interested.



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- D. The Board of Directors of the Company, in its meeting held on 30 March 2010, re-appointed Mr. Rajendra. R. Deshpande as Executive Director of the Company, for a period of 5 years from 29 April 2010. The Board has also determined the remuneration payable to him during his current tenure as Executive Director. The re-appointment of Mr. Rajendra. R. Deshpande as Executive Director was approved by the shareholders in the Annual General Meeting held on 9 July 2010. The shareholders also authorized the Board of Directors of the Company to revise the remuneration payable to Mr. Rajendra. R. Deshpande from time to time during his current tenure as Executive Director, subject to the ceilings laid down in Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the said Act, without any further approval of the shareholders of the Company with such other approvals, sanctions and permissions, if any required for such revision in the remuneration.

Further to the aforesaid authority given by the shareholders, the Board of Directors of the Company, in its meeting held on 13 May 2011, revised the perquisite payable to Mr. Rajendra. R. Deshpande, Executive Director with effect from 13 May 2011 in the manner given herein below:

PERQUISITE:

“A car with driver”.

All other terms and conditions of his appointment as approved by the shareholders in the Annual General Meeting held on 9 July 2010 remain unchanged.

Mr. Rajendra. R. Deshpande is interested to the extent of perquisite payable to him. He has no pecuniary interest therein.

No other Director of the Company is concerned or interested.

By order of the Board of Directors
For Kirloskar Oil Engines Limited

Date: 13 May 2011
Place: Pune

Smita Raichurkar
Asst. Company Secretary

UCP/BOOK-POST
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If undelivered

Link Intime India Private Limited
(Unit: Kirloskar Oil Engines Limited)
'Akshay' Complex, Block No. 202,
2nd Floor, Off Dhole Patil Road,
Near Ganesh Temple, Pune - 411 001