



Enriching Lives

KIRLOSKAR OIL ENGINES LIMITED

31 March 2011

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

Ref: Stock Code KIRLOSENG

Dear Sir/Madam,

This is to inform you that the Members of Kirloskar Oil Engines Limited have, by way of Postal Ballot with requisite majority, approved the disposal of Bearing Business Division (BBD) of the Company situated *inter alia* at (1) Khadki, Pune, and (2) MIDC, Ahmednagar (save and except for the lands and buildings on which the BBD is situate) as a going concern to Pierburg India Private Limited.

Mr. Atul C. Kirloskar, Chairman and Managing Director declared the result of the postal ballot, on 31 March 2011.

A certified copy of the member's resolution alongwith its explanatory statement is attached herewith for your reference.

You are kindly requested to take note of the same.

Thanking you,

Yours Faithfully,
For Kirloskar Oil Engines Limited

Smita Raichurkar
Asst. Company Secretary

Encl: As above



KIRLOSKAR OIL ENGINES LIMITED

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CERTIFIED TRUE COPY OF THE ORDINARY RESOLUTION PASSED BY THE MEMBERS OF THE COMPANY THROUGH POSTAL BALLOT ON THURSDAY THE 31ST DAY OF MARCH 2011 AT 10.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY

“RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and the Memorandum and Articles of Association of the Company and subject to compliance with all applicable laws and regulations and such approvals, consents and permissions as may be required, consent be and is hereby accorded to the Board of Directors of the Company to convey, transfer, assign, deliver or otherwise dispose of its Bearings Business Division (BBD) situated *inter alia* at (1) Khadki, Pune, and (2) MIDC, Ahmednagar (save and except for the lands and buildings on which the BBD is situate) to Pierburg India Private Limited, Pune (“PI”) on the terms and conditions of draft Business Transfer Agreement (“BTA”), as a going concern, on a slump sale basis for a lump sum consideration of Rs. 870,000,000 (Rupees Eight Hundred and Seventy Million) payable on the Completion Date (as defined in the BTA) on cash free and debt free basis.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (which shall include Committee of Directors constituted for this purpose or authorized signatories authorized by the Board of Directors) may with effect from such date as they think fit and subject to the terms and conditions of the BTA and the other ancillary agreements as necessary to be entered into by the Company *inter alia* with PI in pursuance thereof, have the power to complete the transfer of the said BBD with such modifications as may be required or which it may deemed to be in the interests of the Company and do all such acts, deeds, matters and things as may be deemed necessary and/or expedient in their discretion for completion of the transfer/sale/disposal of the said BBD in the interests of the Company.”

Certified to be True.

For Kirloskar Oil Engines Limited

Smita Raichurkar
Asst. Company Secretary



Date: 31 March 2011

Place: Pune



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CERTIFIED TRUE COPY OF THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

In order to enable the Company to focus on its core engines business, the Company has decided to dispose of its Bearings Business Division (“BBD”) situated *inter alia* at (1) Khadki, Pune, and (2) MIDC, Ahmednagar (save and except for the lands and buildings on which the BBD is situate) to Pierburg India Private Limited, Pune (“PI”).

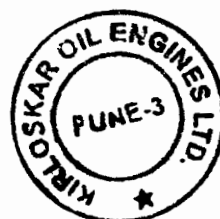
The Board of Directors by a circular resolution passed on 17 February 2011, subject to the provisions of the Companies Act, 1956, and the Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, accepted the terms and conditions as contained in the draft Business Transfer Agreement (“BTA”) for disposal of the Company’s BBD, on the terms and conditions as contained in the said BTA including as regards the purchase price of Rs. 870,000,000 (Rupees Eight Hundred and Seventy Million) payable on Completion Date (as defined in the BTA) on a cash free and debt free basis.

In pursuance of the above, the Company proposes to enter into a BTA with PI only after obtaining approval of the shareholders under Section 293(1)(a) of the Companies Act, 1956. The Company has stipulated in the said draft BTA that completion of this transaction is subject to obtaining the approval of its shareholders under Section 293(1)(a) of the Companies Act, 1956, and receipt of all other consents and approvals as stipulated in the draft BTA.

PI is a company incorporated under the laws of India and engaged in the business of manufacture of automotive components. PI is an indirect subsidiary of KS Gleitlager GmbH, an entity incorporated under the laws of Germany and which is engaged in the manufacture of bearings, bushings, thrust washers and continuous cast metals. Your Board of Directors is of the opinion that PI would be the most suitable organization for acquisition of the BBD considering their goodwill in the market, concern for employees and technology leadership. The proceeds from the disposal will be utilized by the Company for meeting its capital expenditure and repayment of term loans.

Some of the salient features of the aforesaid draft **BTA** *inter alia* are given below:

- 1) The sale of the BBD will be subject to the approval of the Shareholders of the Company, compliance with applicable laws and regulations, obtaining of all requisite consents and the execution of the other ancillary agreements as necessary to be entered into as between the parties thereto.





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- 2) The Company shall sell, convey, assign, transfer and deliver to PI on the terms and conditions of BTA, and PI shall purchase and acquire from the Company, all of the Company's right, title and interest in and to the BBD as a going concern, on a slump sale basis, for a lump sum consideration of Rs. 870,000,000 (Rupees Eight Hundred and Seventy Million) payable on the Completion Date (as defined in the BTA) on a cash free and debt free basis.
- 3) The transfer of all the Employees of BBD as on Completion Date shall be automatic, subject to the provisions of Section 25FF of the Industrial Disputes Act, 1947.

The Directors are interested in the above resolution to the extent of their respective shareholding in the Company as would appear in the Register of Director's shareholding.

Copy of the draft of the BTA shall be available for inspection during the working hours between 3.00 p.m. and 5.00 p.m. at the Registered Office of the Company on all working days (excluding Sundays and public holidays), upto 26 March 2011.

The Board of Directors accordingly recommends the resolution set out in the Notice. Your approval is sought by way of voting by postal ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

Certified to be True.
For Kirloskar Oil Engines Limited

Smita Raichurkar
Asst. Company Secretary



Date: 31 March 2011
Place: Pune