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KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Kirloskar Industries Limited will be held on Monday, the 28th day of August 2017, at 11.00 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030, to transact the following businesses:

ORDINARY BUSINESS:

ITEM NO.1:

To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2017 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO.2:

To declare dividend on equity shares for the Financial Year ended on 31 March 2017.

ITEM NO.3:

To appoint a Director in place of Mr. Atul Kirloskar (holding DIN 00007387), who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO.4:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at a remuneration decided by the Board of Directors from time to time, be and is hereby ratified.”

SPECIAL BUSINESS:

ITEM NO. 5:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereof, (including any statutory modifications or re-enactment thereof for the time being in force) read with Articles 167(A), 167(B) and 167(C) of the Articles of Association of the Company and also subject to such other approvals as may be necessary, Mr. Mahesh Chhabria (holding DIN 00166049), be and is hereby appointed as the Managing Director of the Company, liable to



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retire by rotation, for a term of 5 (five) years with effect from 4 July 2017, upon the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. Mahesh Chhabria, on the remuneration and other terms, as set out below:

A. BASIC SALARY:

Basic Salary shall be ₹ 10,00,000 (Rupees Ten Lakhs only) per month.

B. PERQUISITES:

In addition to the aforesaid salary, Mr. Mahesh Chhabria as the Managing Director shall be entitled to the following perquisites:

1. 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.
2. Reimbursement of all medical expenses incurred for self and family.
3. Leave travel assistance for self and family not exceeding ₹ 2,00,000 (Rupees Two Lakhs) per annum.
4. Personal accident insurance, premium whereof does not exceed ₹ 25,000 (Rupees Twenty Five Thousand only) per annum.
5. A car with driver.
6. Telephone, fax and other communication facilities at residence.
7. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
8. Gratuity at the rate not exceeding 30 days' salary for each completed year of service.
9. 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 spouse, dependent children and dependent parents of the Managing Director.

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

C. COMMISSION:

Commission as may be decided by the Board of Directors based on the net profits of the Company each year.

D. MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as the Managing Director, minimum remuneration by way of salary, perquisites and other allowances shall be in accordance with the ceiling as prescribed in Schedule V to the Act or any statutory modification thereof.

E. So long as he functions as the Managing Director, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.



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RESOLVED FURTHER THAT Mr. Mahesh Chhabria, Managing Director shall be eligible to receive stock options of the Company as decided by the Board or its Committee, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to consider revision in the remuneration payable to Mr. Mahesh Chhabria during the term of the present appointment as the Managing Director, subject to ceilings laid down in Section 197 including the Rules made thereunder and Schedule V to the Act, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board of Company do enter into an Agreement with Mr. Mahesh Chhabria as the Managing Director which be signed by any Director of the Company, on behalf of the Company.

RESOLVED FURTHER THAT Mrs. Ashwini Mali, Company Secretary of the Company, be and is hereby authorised to intimate the appointment and sign and file such returns and forms with the Registrar of Companies, as are required by the Companies Act, 2013.”

ITEM NO. 6:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereof (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Article 167 (A), 167 (B) and 167 (C) of the Articles of Association of the Company and subject to such other approvals as may be necessary, Ms. Aditi Chirmule (holding DIN 01138984), be and is hereby re-appointed as the Executive Director of the Company, not liable to retire by rotation, for a further period of 5 (five) years commencing from 25 January 2017, upon the terms and conditions as set out in the Agreement to be entered into between the Company and Ms. Aditi Chirmule on the remuneration and other terms, set out below:

A. BASIC SALARY:

Basic Salary shall be ₹ 3,00,000 (Rupees Three Lakhs only) per month with an annual increment of ₹ 30,000 p.m. (Rupees Thirty Thousand Only).

B. PERQUISITES:

In addition to the aforesaid salary, Ms. Aditi Chirmule, as the Executive Director, shall be entitled to the following perquisites:

1. Reimbursement of all medical expenses incurred for self and family, subject to a limit of ₹ 15,000 (Rupees Fifteen Thousand only) per annum. In addition, hospitalisation expenses incurred in India for self and family will be paid on actual basis.
2. Leave travel assistance for self and family, once in a year, not exceeding half month's salary.
3. Term insurance premium whereof does not exceed ₹ 12,000 (Rupees Twelve Thousand only) per annum.
4. Provision of car.

E-mail : investorrelations@kirloskar.com

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5. Telephone at residence and a mobile phone. Personal long distance calls shall be billed by the Company to the Executive Director.
6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.
7. Gratuity at the rate not exceeding 15 days' salary for each completed year of service.
8. Leave at the rate of 30 days per calendar year of service. Leave calculation for a part of the calendar year at the date of appointment as the Executive Director or on ceasing to be Executive Director shall be made on a pro-rata basis at the rate of two and a half days' leave for every month of service. Leave accumulated and not availed of, may be encashed at the end of tenure as per the Rules of the Company.

“Family” for the above purpose means spouse, dependent children and dependent parents of the Executive Director.

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

C. COMMISSION:

Commission as may be decided by the Board of Directors based on the net profits of the Company each year.

D. MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the currency of her tenure as the Executive Director, the payment of salary, perquisites and other allowances shall stand reduced to the limit prescribed in Section II of Part II of Schedule V to the Companies Act, 2013, as minimum remuneration.

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

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity at the rate not exceeding fifteen days salary for each completed year of service as Executive Director.
- c. Encashment of leave at the end of the tenure.

- E. So long as she functions as the Executive Director, she shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT Ms. Aditi Chirmule, Executive Director shall be eligible to receive stock options of the Company, as decided by the Board or its Committee, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to consider revision in the remuneration payable to Ms. Aditi Chirmule during the term of the present re-appointment as the Executive Director, subject to ceilings laid down in Section 197 and Schedule V to the Companies Act, 2013, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revisions in the remuneration.

RESOLVED FURTHER THAT the Company do enter into an Agreement with Ms. Aditi Chirmule as the Executive Director which be signed by any Director of the Company, on behalf of the Company.

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RESOLVED FURTHER THAT Mrs. Ashwini Mali, Company Secretary of the Company, be and is hereby authorised to intimate the appointment and sign and file such returns and forms with the Registrar of Companies, as are required by the Companies Act, 2013.”

ITEM NO. 7:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof) and as approved by the Audit Committee and by the Board of Directors, the consent of the members of the Company, be and is hereby accorded for revision in the remuneration of Mr. Ambar Kulkarni, General Manager, a relative of Mr. Nihal Kulkarni, Director of the Company, who holds an office or place of profit in the Company, with effect from the date of this Annual General Meeting of the Company:

1. Basic Salary shall be ₹ 1,50,000 (Rupees One Lakh Fifty Thousand only) per month.
2. House Rent Allowance shall be ₹ 60,000 (Rupees Sixty Thousand only) per month.
3. Conveyance shall be ₹ 10,000 (Rupees Thousand only) per month.
4. Special Allowance shall be ₹ 1,26,500 (Rupees One Lakh Twenty Six Thousand Five Hundred only) per month.
5. Leave Travel Allowance shall be ₹ 10,000 (Rupees Ten Thousand only) per month, which will be paid annually.
6. Exgratia shall be ₹ 1,750 (Rupees One Thousand Seven Hundred Fifty only) per month, which will be paid annually.
7. Medical reimbursement shall be ₹ 1,250 (Rupees One Thousand Two Hundred Fifty only) per month, which will be paid annually.
8. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
9. Casual leaves 5 days per calendar year.
10. Privilege leaves 30 days per completed calendar year of service.
11. Accumulation of leaves shall be up to 180 days, at any given time.
12. Provision of Car.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution and also to vary the terms of remuneration from time to time without being required to seek any fresh approval of the members of the Company, but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration and that the decision of the Board of Directors shall be final and conclusive in this regard.

RESOLVED FURTHER THAT Ms. Aditi Chirmule, Executive Director and Mrs. Jasvandi Deosthale, Chief Financial Officer of the Company, be and are hereby severally authorised to take such further steps, acts and execute deeds and documents, as may be necessary, proper or expedient to give effect to this resolution.”



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ITEM NO. 8:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sunil Shah Singh (holding DIN 00233918), who was appointed as an Additional Independent Director with effect from 19 October 2016 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 18 October 2021.”

ITEM NO. 9:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. D. Sivanandhan (holding DIN 03607203), who was appointed as an Additional Independent Director with effect from 11 May 2017 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 10 May 2022.”

ITEM NO. 10:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vinesh Kumar Jairath (holding DIN 00391684), who was appointed as an Additional Independent Director with effect from 4 July 2017 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 3 July 2022.”

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ITEM NO. 11:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashit Parekh (holding DIN 00821577), who was appointed as an Additional Independent Director with effect from 4 July 2017 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 3 July 2022.”

ITEM NO. 12:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013, (the Act) and the Rules made thereunder, (including any statutory modification(s) or any substitution or re-enactment thereof for the time being in force) and in accordance with the Memorandum of Association and the Articles of Association of the Company, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), provisions of the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014, (hereinafter referred to as “SEBI SBEB Regulations”) and to such other applicable Regulations which may be issued and / or amended from time to time by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the members of the Company be and is hereby accorded to the introduction and implementation of the “Kirloskar Industries Limited – Employees Stock Option Plan 2017” (hereinafter referred to as the KIL ESOP 2017) and authorising the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer and grant from time to time to benefit of such person(s) who are in permanent employment of the Company, whether working in India or out of India, including any Director of the Company (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), whether whole time or otherwise, options exercisable into 4,85,000 (Four Lakhs Eighty Five Thousand) equity shares of the Company, of face value ₹ 10 (Ten) each, under the KIL ESOP 2017, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the KIL ESOP 2017 and in due compliance with the applicable laws and regulations or guidelines issued by the relevant Authority.

RESOLVED FURTHER THAT in case of any corporate action (s) such as right issues, bonus issues, change in capital structure, merger and sale of division / undertaking or other reorganisation and others, if any additional

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equity shares are to be issued by the Company to the members, the ceiling as aforesaid of 4,85,000 (Four Lakhs Eighty Five Thousand) equity shares, shall be deemed to increase in proportion of such additional equity shares issued to facilitate making fair and reasonable adjustment.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the KIL ESOP 2017 and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the exercise price payable by the option grantees under the KIL ESOP 2017, shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10 (Ten) per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the KIL ESOP 2017 as per the terms approved in this resolution and at any time to modify, change, vary, alter, amend, suspend or terminate the KIL ESOP 2017, subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and / or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the KIL ESOP 2017 and to do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all acts, matters, deeds and things and to take all steps and to do all things and give such directions as may be necessary, expedient or desirable and also to settle any question or difficulties that may arise in such manner and the Board / such authorised person in its / his absolute discretion may deem fit and take steps which are incidental and ancillary in this connection."

By Order of the Board of Directors

A.v.Mali

Ashwini Mali

Company Secretary

Place: Pune

Date: 4 July 2017



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NOTES:

- i. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- ii. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time fixed for holding the meeting. Proxies shall not have any right to speak at the meeting.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- iii. The Statement setting out the material facts pursuant to Section 102 (1) of the Companies Act, 2013, (the Act), concerning the Ordinary Business No. 3 and Special Business No. 5 to 12 in the Notice and is annexed hereto and forms part of this Notice.
- iv. Details pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), in respect of Directors seeking appointment / re-appointment at this Annual General Meeting forms part of this Notice.
- v. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22 August 2017 to Monday, 28 August 2017, (both days inclusive), for determining the names of members eligible for dividend on equity shares, if declared at this Annual General Meeting.
- vi. The dividend, if declared at the Annual General Meeting, will be paid to those members:
 - a. whose name appear as Beneficial Owners as at the end of the business hours on 21 August 2017, in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited in (CDSL) respect of equity shares held in electronic form;
 - b. whose name appear as Members in the Register of Members of the Company after giving effect to valid share transfers / transmissions in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 21 August 2017.
- vii. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of unclaimed final dividend for the Financial Year 2008-09 and interim dividend for the Financial Year 2009-10, has already been transferred to the 'Investor Education and Protection Fund' on 22.08.2016 and 27.02.2017, respectively.
- viii. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is required to be transferred to the 'Investor Education and Protection Fund (IEPF)'. Pursuant to the provisions of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendments thereon, all shares in respect of which the dividend has not been paid or claimed for 7 consecutive years or more, are required to be transferred to IEPF.

Accordingly, the unpaid / unclaimed dividend for the years 2010-11, onwards along with respective shares will become transferable at the end of respective seven years to IEPF.

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Shareholders are requested to send their claims, if any, before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend warrants immediately on their receipt by them.

ix. **Register National Electronic Clearing Service (NECS) Mandate**

In order to get their dividend through National Electronic Clearing Service (NECS), members who are holding shares in physical form are requested to inform their bank account details such as name of the bank, branch, its address, account number, 9 digit MICR code, IFSC code and type of account, i.e., Savings or Current or Cash Credit etc. to Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company, (the R & T Agent), having its office at 'Akshay' Complex, Block No. 202, 2nd Floor, Off. Dhole Patil Road, Near Ganesh Temple, Pune 411 001. Shareholders holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant (DP) and not to the R & T Agent / the Company. Those shareholders who do not opt for NECS facility may inform only Bank Account Number and Bank Name for printing the same on the dividend warrant to ensure safety. Members who wish to avail the above facility are requested to submit required information to the R & T Agent on or before the closing hours of 21 August 2017.

x. **Permanent Account Number (PAN)**

The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in securities market. Members are requested to submit their PAN to their DPs (in case of shares held in dematerialised form) or to the Company / the R & T Agent (in case of shares held in physical form).

xi. Members are requested to inform change in address or Bank mandate to their respective DPs with whom they are maintaining their demat accounts and with the R & T Agent or the Company for the shares held in physical form by a written request duly signed by the member for receiving all communication in future.

xii. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.

xiii. Members may avail of the facility of dematerialisation by opening demat accounts with the DPs of either NSDL OR CDSL and get the equity share certificates held by them dematerialised.

xiv. Members who hold shares in electronic form are requested to bring their Client ID and DP ID for easy identification.

xv. Members are requested to bring their attendance slip and copy of the Annual Report at the meeting.

xvi. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialised at the earliest.

xvii. Members having multiple folios are requested to intimate to the Company / the R & T Agent such folios, to consolidate all shareholdings into one folio.

xviii. **Register Email Address**

Members are requested to register their e-mail addresses with the Company / the R & T Agent in case of holding of shares in physical form and with the concerned DPs in case of shares held in dematerialised form.

xix. All documents referred to in the Notice or in the accompanying Statement annexed to the Notice are available for inspection by the members at the Registered Office of the Company on all working days, except

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Saturdays, Sundays and public holidays, between 10.00 a.m. to 12.00 noon, prior to the date of the Annual General Meeting and also available for inspection at the meeting.

- xx. Pursuant to the provisions of Section 72 of the Act read with the Companies (Share Capital and Debentures) Rules, 2014, members are entitled to make a nomination in respect of shares held by them in physical form. Shareholders desirous of making a nomination are requested to send their requests in Form No. SH-13 in duplicate (which will be made available on request) to the R & T Agent of the Company.
- xxi. The Notice along with the Annual Report will be sent electronically indicating the process and manner of e-voting to the members whose e-mail addresses are registered with the DPs / the Company. The physical copy of Notice along with the Annual Report will be sent to those members whose e-mail addresses are not registered with the DPs / the Company indicating the process and manner of e-voting.

The members will be entitled to receive physical copy of the Annual Report for the Financial Year ended 31 March 2017, free of cost, upon sending a request to the R & T Agent or the Company. The Notice along with the Annual Report will also be available on the Company's website, viz., www.kil.net.in.

xxii. **Voting through electronic means:**

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, (the Act), read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to the members the facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") is provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through Ballot Form shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Form.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Friday, 25 August 2017 (9:00 a.m.) and ends on Sunday, 27 August 2017 (5:00 p.m.). During this period, members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 21 August 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
 - A. In case a member receives an email from NSDL [for members whose email ids are registered with the Company / the Registrar and Share Transfer Agent (the R & T Agent) viz., Link Intime India Private Limited / Depository Participants]:
 - (i) Open email and open PDF file viz., "KIL Annual Report remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for remote e-voting. Please note that the password is an initial password.

E-mail : investorrelations@kirloskar.com

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

Tel. No. : +91 (0)20 - 2545 2721 Telefax : +91 (0)20 - 2545 4723 Website : www.kil.net.in

CIN No. : L29112PN1978PLC088972



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Note: Shareholders already registered with NSDL for e-voting will not receive the PDF file "KILAnnual Report remote e-voting.pdf".

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password / PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Kirloskar Industries Limited".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to mjrpcs@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email ids are not registered with the Company / the R & T Agent / Depository Participants(s) or requesting physical copy] :

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

EVEN (E-voting Event Number)	USER ID	PASSWORD / PIN
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- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

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

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

Note: Members who forgot the user details / password can use "[Forgot User Details / Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com.

In case members are holding shares in demat mode, user id is the combination of (DPID + Client ID).

In case members are holding shares in physical mode, user id is the combination of

(Even No + Folio No).

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- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21 August 2017.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e., 21 August 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or pune@linkintime.co.in.
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "[Forgot User Details / Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- xxiii. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- xxiv. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Form.
- xxv. A person, who is not a member as on the cut-off date should treat this Notice for information purpose only.
- xxvi. Mr. Mahesh J. Risbud, Practicing Company Secretary, Pune, (Membership No. FCS 810 CP No. 185) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- xxvii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Form" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xxviii. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xxix. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company viz., www.kil.net.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and National Stock Exchange of India Limited.
- xxx. Route map showing directions to reach to the venue of the Annual General Meeting is given at the end of this Notice as per the requirement of SS-2.

By Order of the Board of Directors

A.v.Mali

Ashwini Mali

Company Secretary

Place: Pune

Date: 4 July 2017

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ANNEXURE TO THE NOTICE

STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

As required by Section 102 (1) of the Companies Act, 2013, (the Act) and Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), the following Statement sets out all material facts relating to Item Nos. 3 and 5 to 12 in the accompanying Notice of the 23rd Annual General Meeting of the Company to be held on Monday, the 28th day of August 2017, at 11.00 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030.

ITEM NO. 3 OF THE NOTICE:

Mr. Atul Kirloskar (holding DIN 00007387) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Atul Kirloskar (aged 60 years) 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 and Services.

On 1 November 1984, he was appointed as the Executive Vice President of Kirloskar Industries Limited (KIL) (then known as Kirloskar Oil Engines Limited). 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 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 resigned as Managing Director of KIL with effect from the close of working hours on 22 October 2010. He was appointed as the Chairman and Managing Director of Kirloskar Oil Engines Limited (KOEL) (then known as Kirloskar Engines India Limited) with effect from 31 March 2010. Currently, he is working as the Executive Chairman of KOEL with effect from 25 January 2012.

Mr. Atul Kirloskar is a member of the Nomination and Remuneration Committee of the Company.

Mr. Atul Kirloskar is also a Director in the following other companies:

Name of the Company	Board position held	Committee Membership
Kirloskar Ferrous Industries Limited	Director	1. Stakeholders Relationship Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Finance Committee – Chairman
Kirloskar Pneumatic Company Limited	Director	-
Kirloskar Oil Engines Limited	Whole Time Director	-
Kirloskar Proprietary Limited	Director	1. Remuneration Committee - Member
Kirloskar Energen Private Limited	Director	-
Kirloskar Solar Technologies Private Limited	Director	-

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Name of the Company	Board position held	Committee Membership
Toyota Kirloskar Motor Private Limited	Director	-
Five Star Bulkcarriers Private Limited	Director	-
Asara Sales and Investment Private Limited	Director	-
Navsai Investments Private Limited	Director	-
GreenTek Systems (India) Private Limited	Director	-
Lakeland Universal Limited, BVI	Director	-

Mr. Atul Kirloskar is holding 16,35,300 (16.84%) equity shares of the Company.

Save and except Mr. Atul Kirloskar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

ITEM NO. 5 OF THE NOTICE:

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Mahesh Chhabria as the Managing Director of the Company with effect from 4 July 2017, for a term of five (5) years, on the terms and remuneration as set out at Item No. 5 of the Notice. The appointment and remuneration payable to Mr. Mahesh Chhabria as the Managing Director is also subject to the approval of the members as required by the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereof.

Mr. Mahesh Chhabria has a firm belief in the emerging market growth story and corporate India's push to go global. He decided to act on this belief by joining Actis which is recognised as a long-standing investor in India with an emerging market sector-based approach to investing both in minority and control deals. Mr. Mahesh Chhabria previously worked at 3i India, where he was a partner in the firm's Growth Capital Group and the lead partner globally for the Healthcare sector, heading up and contributing to 3i investments in India and international markets. Before making the move to private equity in 2006, Mr. Mahesh Chhabria was co-head of investment banking at Enam, one of the leading domestic investment banks in India. He holds a Bachelor of Commerce from the University of Mumbai and is an Associate Member of the Institute of Chartered Accountants of India. Since joining Actis in 2010, he had plunged himself into the business: forging new contacts and calling upon his existing network to help build value in Actis India-based portfolio.



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Mr. Mahesh Chhabria is also a Director in the following company:

Name of the Company	Board position held	Committee membership
Kirloskar Oil Engines Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Chairman

Mr. Mahesh Chhabria is holding 21,197 (0.22%) equity shares of the Company.

Mr. Mahesh Chhabria was an Independent Director of the Company with effect from 24 May 2016 and has ceased to be an Independent Director on his appointment as the Managing Director.

Mr. Mahesh Chhabria 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 the Managing Director.

Copy of the draft Agreement to be entered into between the Company and Mr. Mahesh Chhabria as the Managing Director is available for inspection by members at the Registered Office of the Company.

Save and except, Mr. Mahesh Chhabria and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

ITEM NO. 6 OF THE NOTICE:

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee, re-appointed Ms. Aditi Chirmule, as the Executive Director of the Company, with effect from 25 January 2017, for a term of five (5) years, on the terms and remuneration as set out at item No. 6 of the Notice.

The re-appointment and remuneration payable to Ms. Aditi Chirmule, as the Executive Director is also subject to the approval of the members as required by the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereof.

Ms. Aditi Chirmule is an Associate member of the Institute of Company Secretaries of India. She has been associated with the Kirloskar Group since 1989 and has played a major role in internal and external restructuring of businesses and mergers, acquisitions and formation of joint ventures during her association with the Kirloskar Group.

Ms. Aditi Chirmule is a member of the Corporate Social Responsibility Committee and Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee of the Company.

Ms. Aditi Chirmule is not holding any Directorship in any other company.

Ms. Aditi Chirmule is not holding any equity shares of the Company.

Copy of the draft Agreement to be entered into between the Company and Ms. Aditi Chirmule, as the Executive Director is available for inspection by members at the Registered Office of the Company.



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Save and except, Ms. Aditi Chirmule and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

ITEM NO. 7 OF THE NOTICE:

As recommended by the Audit Committee, Mr. Ambar Kulkarni was appointed as General Manager in the Company with effect from 3 April 2017, on a total remuneration of ₹ 2,50,000 per month, by the Board of Directors in its meeting held on 18 January 2017. The Audit Committee and the Board of Director in its meeting held on 11 May 2017, have approved the revision in salary, subject to the approval of the members.

Mr. Ambar Kulkarni is a Bachelor of Applied Technology in Automotive Engineering (Specialization in Engine Performance) from the Unitec Institute of Technology, Auckland. He is currently pursuing Bachelor of Business Studies from Massey University, New Zealand. He had successfully undergone training on the latest generation of Motec Electronic Equipment, Engine Control Units, Power Distribution Modules, Displays, Data Loggers from Motec Engine Management and Data Acquisition Systems.

He held a position of Customer Service Representative in ANZ National Bank. He was a Process Control Team Member in Zintel. He also held a position of Apprentice Engine Performance Technician in Reaction Racing. He held a position of Data Analyst and Electronic Advisor for various motor-sport teams. He holds directorship in Achyut & Neeta Holdings & Finance Private Limited and his experience will benefit the Company in the field of business strategy.

Mr. Ambar Kulkarni is a related party within the definition of Section 2 (76) of the Companies Act, 2013, (the Act). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding ₹ 2,50,000 requires prior approval of the members by way of Ordinary Resolution of the Company. Hence, approval of members is sought for the revision of his remuneration, as proposed in the Resolution.

The information as required in accordance with Rule 15 of the Companies (Meetings of Board and its powers) Rules, 2014, is as under:

1. Name of the related party: Mr. Ambar Kulkarni
2. Name of the Director or KMP who is related: Mr. Nihal Kulkarni, Director.
3. Nature of relationship: Mr. Ambar Kulkarni is brother of Mr. Nihal Kulkarni.
4. Nature, material terms, monetary value and particulars of the contract or arrangement: as stated in the Resolution above.
5. Any other information relevant or important for the members to take a decision on the proposed Resolution: Please refer to his qualifications and experience as mentioned aforesaid under this item of business.



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Mr. Nihal Kulkarni, Director of the Company, being brother of Mr. Ambar Kulkarni and their other relatives, may be deemed to be concerned or interested, in this Resolution to the extent of their shareholding.

Save and except, Mr. Nihal Kulkarni and his relatives, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the members.

ITEM NO. 8 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, appointed Mr. Sunil Shah Singh (holding DIN 00233918), as an Additional Independent Director of the Company with effect from 19 October 2016.

In terms of the provisions of Section 161 (1) of the Act, Mr. Sunil Shah Singh would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 19 October 2016 up to 18 October 2021, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member along with a deposit of the requisite amount under Section 160 of the Act, proposing the candidature of Mr. Sunil Shah Singh for the office of Director of the Company.

Mr. Sunil Shah Singh (aged 70 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. Sunil Shah Singh that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Mr. Sunil Shah Singh did his graduation B. Tech from Indian Institute of Technology, Delhi. Mr. Sunil Shah Singh has experience in various fields such as purchase, material management, manufacturing, marketing and overall business operations. Mr. Sunil Shah Singh held many key positions like Managing Director of ITD Cementation India Limited, President of Tetra Pak processing, Country Head of Energy Work India, Board member of Mather and Platt India Limited. Mr. Sunil Shah Singh was also a member of Construction Federation of India, Construction Industry Development Council, National Institute of Construction Management and Research.

Mr. Sunil Shah Singh is a Chairman of the Audit Committee and also a member of the Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders Relationship Committee of the Company.



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Mr. Sunil Shah Singh is a Director in the following other companies:

Name of the Company	Board position held	Committee Membership
Kirloskar Pneumatic Company Limited	Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Stakeholders' Grievance Committee – Member
Kirloskar Chillers Private Limited	Director	--
Sixthman Services Private Limited	Director	–

Mr. Sunil Shah Singh is not holding any equity shares of the Company.

The Board is of the opinion that Mr. Sunil Shah Singh fulfills the conditions for his appointment as an Independent Director and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

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

Copy of the draft letter for appointment of Mr. Sunil Shah Singh as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except Mr. Sunil Shah Singh and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members.

ITEM NO. 9 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, appointed Mr. D. Sivanandhan (holding DIN 03607203), as an Additional Independent Director of the Company with effect from 11 May 2017.

In terms of the provisions of Section 161 (1) of the Act, Mr. D. Sivanandhan would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 11 May 2017 up to 10 May 2022, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. D. Sivanandhan, for the office of Director of the Company.

Mr. D. Sivanandhan (aged 66 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.



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Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. D. Sivanandhan that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Mr. D. Sivanandhan is a Post Graduate in Economics and holds a Masters in Arts degree from University of Madras. Mr. D. Sivanandhan is one of the most highly regarded IPS officers in India, with an illustrious career spanning several postings during his 35 years of service. Mr. D. Sivanandhan has dedicated his life to the eradication of corruption and organised crime and is renowned for his use of strategy and intelligence to uphold the rule of law.

Mr. D. Sivanandhan retired as a DGP of Maharashtra State Police in 2011. Mr. D. Sivanandhan has held several senior positions in IB, CBI and Mumbai Crime Branch and has also served as Commissioner of Police of Nagpur, Thane city and Mumbai. Mr. D. Sivanandhan has worked with RBI as Security Advisor for the last three years.

Mr. D. Sivanandhan has been awarded the Meritorious Service Medal (1993), the President's Distinguished Service Medal (2000) and also the Internal Security Medal (1998). Most recently, Mr. D. Sivanandhan was a member of the special task force in the National Security Council Secretariat (Prime Minister's Office) for revamping India's internal and external national security measures.

Mr. D. Sivanandhan is a member of the Audit Committee of the Company.

Mr. D. Sivanandhan is now the Chairman of Securus First India Private Limited; a security consultancy company started by him and is also on the Board of following other companies:

Name of the Company	Board position held	Committee Membership
S. D. Fine Chem Limited	Director	-
Forbes & Company Limited	Director	-
Aquamall Water Solutions Limited	Director	1. Audit Committee – Member 2. Corporate Social Responsibility Committee – Chairman 3. Nomination and Remuneration Committee – Member
Eureka Forbes Limited	Director	1. Audit Committee – Chairman 2. Corporate Social Responsibility 3 Committee – Member
RBL Bank Limited	Director	1. Audit Committee – Member 2. Anti Fraud Committee – Chairman 3. Customer Service Committee – Chairman 4. Nomination Committee – Member 5. Corporate Social Responsibility Committee – Chairman 6. IT Strategy Committee – Member
United Spirits Limited	Director	-

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Name of the Company	Board position held	Committee Membership
AGS Transact Technologies Limited	Director	1. Corporate Social Responsibility Committee – Chairman 2. Audit Committee – Member 3. Nomination and Remuneration Committee – Member 4. Risk Management Committee – Member
Indostar Capital Finance Limited	Director	-
Seventeen Events Private Limited	Director	-
ICatch Infosec Private Limited	Director	-
Catalyst Asset Reconstruction Private Limited	Additional Director	-
Securus First Digital Services Private Limited	Director	-
Securus First India Private Limited	Additional Director	-

Mr. D. Sivanandhan has also co-authored a National best seller titled "Chanakya"s seven secrets of leadership".

Mr. D. Sivanandhan is not holding any equity shares of the Company.

The Board is of the opinion that Mr. D. Sivanandhan fulfills the conditions for his appointment as an Independent Director and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

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

Copy of the draft letter for appointment of Mr. D. Sivanandhan as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except Mr. D. Sivanandhan and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the members.

ITEM NO. 10 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, appointed Mr. Vinesh Kumar Jairath (holding DIN 00391684), as an Additional Independent Director of the Company with effect from 4 July 2017.

In terms of the provisions of Section 161 (1) of the Act, Mr. Vinesh Kumar Jairath would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5)



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consecutive years with effect from 4 July 2017 up to 3 July 2022, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Vinesh Kumar Jairath, for the office of Director of the Company.

Mr. Vinesh Kumar Jairath (aged 58 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. Vinesh Kumar Jairath that he meets with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Mr. Vinesh Kumar Jairath joined Indian Administrative Service in 1982. He is an Ex-IAS Officer. He was a Member of Indian Administrative Services. He has a Masters in Development Economics from the University of Manchester, U.K. He holds Bachelor of Arts Degree in Public Administration and Bachelor of Laws Degree, both, from the Punjab University. He had served as Joint Managing Director at Indiabulls Real Estate Limited from September 29, 2014 to October 02, 2015. He served as the Principal Secretary of Industries at Government of Maharashtra until 2008. He has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure planning and development and infrastructure financing, finance, industry, urban development, environmental management, while occupying various important positions in the Government of India and the State Government of Maharashtra.

Mr. Vinesh Kumar Jairath is the Chairman of the Nomination and Remuneration Committee and member of the Audit Committee of the Company.

Mr. Vinesh Kumar Jairath is a Director in the following other companies:

Name of the Companies	Name of the Committees	Chairman / Member
Tata Motors Limited	Audit Committee Stakeholders' Relationship Committee	Member Member
Concorde Motors (India) Limited	Audit Committee	Member
TML Distribution Limited	Audit Committee	Chairman
Meenakshi Energy Limited	Audit Committee	Member
Wockhardt Limited	Audit Committee Stakeholders' Relationship Committee	Member Member
Bombay Dyeing and Manufacturing Company Limited	Audit Committee	Member
Tata Motors and Finance Solutions Limited	Audit Committee	Chairman
Kirloskar Oil Engines Limited	-	-

E-mail : investorrelations@kirloskar.com

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CIN No. : L29112PN1978PLC088972



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Mr. Vinesh Kumar Jairath is holding NIL equity shares of the Company.

The Board is of the opinion that Mr. Vinesh Kumar Jairath fulfills the conditions for his appointment as an Independent Director and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

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

Copy of the draft letter for appointment of Mr. Vinesh Kumar Jairath as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except Mr. Vinesh Kumar Jairath and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the members.

ITEM NO. 11 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, appointed Mr. Ashit Parekh (holding DIN 00821577), as an Additional Independent Director of the Company with effect from 4 July 2017.

In terms of the provisions of Section 161 (1) of the Act, Mr. Ashit Parekh would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 4 July 2017 up to 3 July 2022, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Ashit Parekh, for the office of Director of the Company.

Mr. Ashit Parekh (aged 58 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. Ashit Parekh that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Mr. Ashit Parekh has over 30 years of experience in Architecture, construction and the program management industry in India and in US. He worked primarily in the Washington DC area for over 16 years on a diverse portfolio of projects.



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Mr. Ashit Parekh holds a Bachelor's Degree in Architecture, India and Master's Degree in Architecture, USA. Mr. Ashit Parekh has been responsible for the design of several leading educational, industrial, medical and corporate projects. He is no stranger to the varieties of corporate culture and has designed for global conglomerates as well as for emerging private clientele.

Due to his international exposure, he continues to keep abreast with innovation in master planning and building technologies. He has conducted several lecture series on project management, design and master planning issues organised by National Architectural Institutions. He also acts as a Visiting Professor at leading institutions.

Mr. Ashit Parekh is a member of the American Institute of Architects (AIA) and registered Architect. He is also a member of the Indian Institute of Architects (IIA), member of the Council of Architecture – New Delhi, (COA) and member of Indian Institute of Interior Designers (IIID).

Mr. Ashit Parekh is a Director in the following other companies:

Name of the Companies	Name of the Committees	Chairman / Member
Opus One Design Private Limited	Director	--

Mr. Ashit Parekh is holding NIL equity shares of the Company.

The Board is of the opinion that Mr. Ashit Parekh fulfills the conditions for his appointment as an Independent Director and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

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

Copy of the draft letter for appointment of Mr. Ashit Parekh as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except Mr. Ashit Parekh and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 11 of the Notice for approval by the members.

ITEM NO. 12 OF THE NOTICE:

Human resource is the key resource for the continuous growth and development of a company. The Company strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the organisation.

To enable the employees, present and future, to share the wealth that they help to create for the organisation over a certain period of time, the Board of Directors in its meeting held on 4 July 2017, considered and approved "Kirloskar Industries Limited – Employee Stock Option Plan 2017" (KIL ESOP 2017) and proposed the same to the members for their approval.



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The main features of the KIL ESOP 2017 are as under:

1. Brief description of the KIL ESOP 2017:

The Company recognises and appreciates the critical role played by the employees of the Company in bringing about growth of the organisation. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the Company, approval of the members is being sought for issue of stock options under the KIL ESOP 2017, to the employees of the Company.

2. Total number of options to be granted:

The total number of options granted under the KIL ESOP 2017 shall not exceed 4,85,000 (Four Lakh Eighty Five Thousand) number of options convertible into equivalent number of shares of ₹ 10 each fully paid equity share capital of the Company.

3. Identification of classes of employees entitled to participate in the KIL ESOP 2017:

Following classes of employees are entitled to participate in the KIL ESOP 2017:

- i. Permanent employees of the Company;
- ii. Any Director(s), whether whole time or otherwise, of the Company.
- iii. Such other persons, as may from time to time be allowed under applicable Laws and as may be decided by the Nomination and Remuneration Committee (the Committee).

Following persons are not entitled to participate in the KIL ESOP 2017:

- i. An employee who is a Promoter or belongs to the Promoter Group;
- ii. A Director, who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10 percent of the outstanding equity shares of the Company; and
- iii. An Independent Director within the meaning of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Requirements of vesting and period of vesting:

Options granted shall vest so long as the employee continues to be in the employment of the Company. The Board may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting and the proportion in which options granted would vest (subject to the maximum vesting period as specified below).

The options have a minimum vesting period of one year from the date of grant. The exact proportion in which and the exact period over which the options would vest would be determined by the Board.

5. Maximum period within which options shall be vested:

Options granted on any date shall vest not later than a maximum of three (3) years from the date of grant of options as may be determined by the Committee.



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6. Exercise price or pricing formula:

The options will be granted at a discount of up to a maximum of 40% as decided by the Committee, to the latest available closing price, prior to the date of the meeting of the Committee, in which options are granted on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

7. Exercise period and the process of exercise:

The exercise period would commence from the date of vesting of options and will expire not later than one year from the date of vesting.

The vested options will be exercisable by the employees by a written application to the Company to exercise the options in such manner and on such format and in such numbers, as may be prescribed by the Committee from time to time. The options will lapse, if not exercised within the specified exercise period.

8. Appraisal process for determining the eligibility of the employees under the KIL ESOP 2017:

The appraisal process for determining the eligibility of the employee shall be decided from time to time by the Board. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, criticality of the role, designation, future potential of the employee and / or such other criteria that may be determined by the Board at its sole discretion.

9. Maximum number of options to be issued per employee and in aggregate:

The total number of options that may be granted to any specific employee under the KIL ESOP 2017, in any financial year shall not exceed 1% of the paid up capital at the time of grant and in aggregate under the KIL ESOP 2017 shall not exceed 4,85,000 (Four Lakhs Eighty Five Thousand) equity shares.

10. Maximum quantum of benefits to be provided per employee under the KIL ESOP 2017:

The maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise of options.

11. Implementation or administration of the KIL ESOP 2017:

The KIL ESOP 2017 shall be implemented and administered directly by the Company without forming or involving any trust.

12. Source of acquisition of shares under the KIL ESOP 2017:

The KIL ESOP 2017 involves issue of new shares against exercise of options. There is no involvement of trust and therefore, there will not be any secondary acquisition.

13. Amount of loan to be provided for implementation of the KIL ESOP 2017 by the Company to the trust, its tenure, utilisation, repayment terms, etc.:

The KIL ESOP 2017 is to be implemented and administered directly by the Company without forming or involving any Trust. Therefore, provision of any loan to a Trust under the KIL ESOP 2017, does not arise.



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14. Maximum percentage of secondary acquisition:

The KIL ESOP 2017 is to be implemented and administered directly by the Company without forming or involving any Trust. Therefore, the KIL ESOP 2017, does not envisage any secondary acquisition.

15. Accounting and Disclosure Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, (SEBI SBEB Regulations) and those issued by the Institute of Chartered Accountants of India.

16. Method of option valuation:

The Company shall adopt 'fair value method' for valuation of Options as prescribed under the laws / regulations applicable to accounting and disclosure, including but not limited to the IND AS / Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

A copy of the KIL ESOP 2017 is available for inspection by members at the Registered Office of the Company.

Consent of the members is being sought pursuant to Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the KIL ESOP 2017 and to the extent of their shareholding, if any.

The Board recommends the Special Resolution 12 of the Notice for the approval of the Members.

By Order of the Board of Directors

A.V.Mali

Place: Pune
Date: 4 July 2017

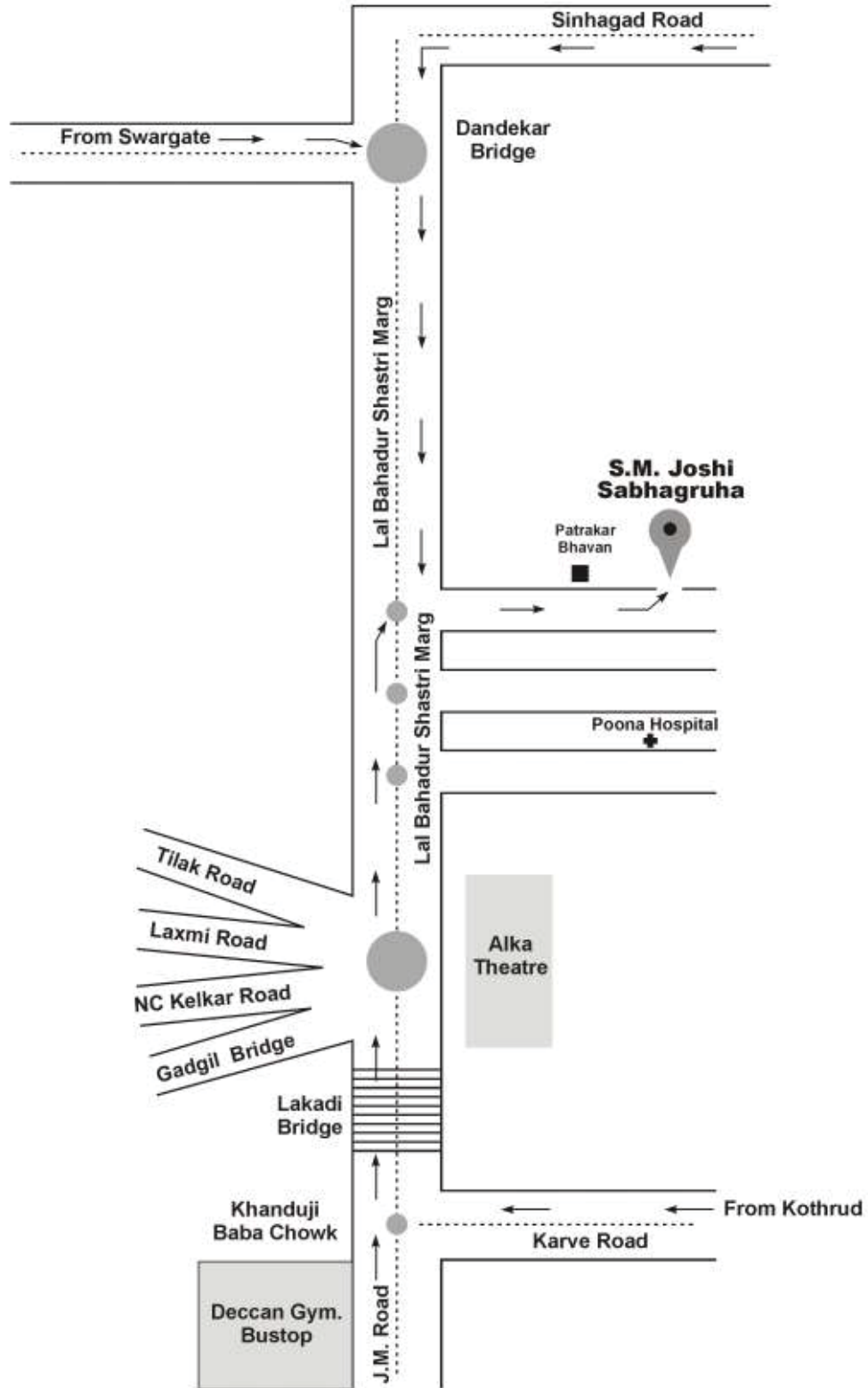
Ashwini Mali
Company Secretary



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