



KIRLOSKAR INDUSTRIES LIMITED

Enriching Lives

NOTICE

Notice is hereby given that the Annual General Meeting of Kirloskar Industries Limited will be held on Wednesday, the 28th day of July 2010 at 11.00 a.m. at Hotel Le Meridien, Raja Bahadur Mill Road, Pune 411 001 to transact the following business:

ORDINARY BUSINESS:

ITEM NO.1:

To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31 March 2010, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.

ITEM NO.2:

To confirm interim dividend paid on equity shares as final dividend for the Financial Year ended on 31 March 2010.

ITEM NO.3:

To appoint a Director in place of Mr. V.K. Bajhal, who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO.4:

To appoint a Director in place of Mr. A. N. Alawani, who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO.5:

To appoint M/s. Dalal and Shah, Chartered Accountants, (Firm Registration Number 102021 W) as Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

ITEM NO. 6:

To consider and if thought fit to pass with or without modifications, the following resolution as an ordinary resolution:

“RESOLVED THAT, Mr. A. R. Sathe, who was co-opted as an Additional Director by the Board of Directors of the Company with effect from 30 March 2010 and who holds office of Director up to the date of this Annual General Meeting pursuant to Article 160 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director on the Board of the Company”

ITEM NO. 7:

To consider and if thought fit to pass with or without modifications, the following resolution as an ordinary resolution:

“RESOLVED THAT, Mr. S. N. Inamdar, who was co-opted as an Additional Director by the Board of Directors of the Company with effect from 30 March 2010 and who holds office of Director up to the date of this Annual General Meeting pursuant to Article 160 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director on the Board of the Company.”

By Order of the Board of Directors

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Aditi Chirmule
Company Secretary

Place: Pune
Date: 14 May 2010

Registered Office : Laxmanrao Kirloskar Road, Khadki, Pune - 411 003
Tel. No. : +91 (20) 2581 0341. Fax : +91 (20) 2581 3208, 5281 0209
Website : www.kirloskar.com



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NOTES :

- i. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF 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.
- iii. Pursuant to Section 173 of the Companies Act, 1956, an Explanatory Statement in respect of the businesses mentioned under Item Nos.6 and 7 above, is annexed.
- iv. The Register of Members and share transfer books of the Company will remain closed from 27 July 2010 to 28 July 2010, both days inclusive.
- v. Pursuant to Section 205A of the Companies Act, 1956, the amount of unclaimed final dividend for the year ended 31 March 2002 has already been transferred to the 'Investor Education and Protection Fund' on 16 October 2009.
- vi. Pursuant to Sections 205A and 205C of the Companies Act, 1956, 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 now required to be transferred to the 'Investor Education and Protection Fund' set up by the Central Government. Accordingly, the unpaid / unclaimed dividend for the years 2002 – 03 onwards will become transferable at the end of respective seven years to the said Fund. Once the amount is so transferred, no claim shall lie against the Fund or the Company in respect of dividend amount thereafter. Shareholders are requested to send their claims, if any, for the Financial Year 2002 – 03 onwards 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.
- vii. Members are requested to immediately notify the Registrar and Transfer Agents (Depository Participant, in case of shares held in dematerialised form) of any change in their address.
- viii. 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.
- ix. Members may avail of the facility of dematerialisation by opening Depository accounts with the Depository Participants of either National Securities Depository Limited OR Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised.
- x. Members are requested to bring their attendance slip and copy of the annual report at the meeting.

By Order of the Board of Directors

Aditi Chirmule
Company Secretary

Place: Pune
Date: 14 May 2010



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ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, and pursuant to Clause 49 of the Listing Agreement, the following Explanatory Statement sets out all material facts relating to Item Nos. 3, 4, 6 & 7 in the accompanying notice of Annual General Meeting of the Company to be held on Wednesday, 28th July 2010 at 11.00 a.m. at Hotel Le Meridien, Raja Bahadur Mill Road, Pune 411 001.

ITEM NO. 3 OF THE NOTICE

Mr. V. K. Bajhal retires by rotation and being eligible offers himself for re-appointment.

He holds Nil (0.00%) equity shares in the Company.

Mr. V. K. Bajhal is not related to any other director on the Board of the Company.

ITEM NO. 4 OF THE NOTICE

Mr. A. N. Alawani retires by rotation and being eligible offers himself for re-appointment.

He holds 2,285 (0.02%) equity shares in the Company.

Mr. A. N. Alawani is not related to any other director on the Board of the Company.

ITEM NO. 6 OF THE NOTICE:

Pursuant to Article 160 of the Articles of Association of the Company, the Board of Directors on 30 March 2010 co-opted Mr. A. R. Sathe, as an Additional Director on the Board of the Company. Being an Additional Director, he holds the office up to the date of this Annual General Meeting.

As required by Section 257 of the Companies Act, 1956, the Company has received a notice along with deposit from a member proposing the candidature of Mr. A. R. Sathe for the office of Director of the Company.

He is a member of the Audit Committee and the Share Transfer cum Shareholders' / Investors' Grievance Committee of the Company.

Mr. A. R. Sathe is a Director in the following other Companies:

Kirloskar Silk Industries Ltd.	Pooja Credits Pvt. Ltd.
Kirloskar Constructions & Engineers Ltd.	Kirloskar Corrocoat Pvt. Ltd.
Gondwana Engineers Ltd.	Kirloskar Brothers Investments Ltd.
The Kolhapur Steel Ltd.	

Mr. Sathe is a Chartered Accountant and also has a degree in Law (LLB). He is presently working with Kirloskar Brothers Ltd. (KBL), Pune, as Vice President (CFA) – Chief Financial Officer.

Before joining KBL, he worked as the Vice President of K.G. Khosla Compressors Limited from 1994 to 2001. Subsequently, this company merged into Kirloskar Pneumatic Company Limited, where he was transferred after the merger.



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Mr. A. R. Sathe is not related to any other director on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

He holds Nil (0.00%) equity shares in the Company.

No Director other than Mr. A. R. Sathe is concerned or interested in the above item.

ITEM NO. 7 OF THE NOTICE:

Pursuant to Article 160 of the Articles of Association of the Company, the Board of Directors on 30 March 2010 co-opted Mr. S. N. Inamdar, as an Additional Director on the Board of the Company. Being an Additional Director, he holds the office up to the date of this Annual General Meeting.

As required by Section 257 of the Companies Act, 1956, the Company has received a notice along with deposit from a member proposing the candidature of Mr. S. N. Inamdar for the office of Director of the Company.

Mr. Inamdar is a Commerce and Law Graduate and an Advocate by profession. He has been in practice for the last thirty five years. He has specialized in tax and allied laws. He has had a brilliant academic career having stood first in Pune and Mumbai Universities, for B.Com and LLB examinations, respectively. He has also been associated with a number of public charitable institutions.

He is a member of the Audit Committee of the Company.

Mr.S.N.Inamdar is a Director in the following other Companies:

Kirloskar Brothers Ltd.	The Ugar Sugar Works Ltd.
Kirloskar Ferrous Industries Ltd.	Finolex Infrastructure Ltd.
Finolex Industries Ltd.	Kulkarni Power Tools Ltd.
Sudarshan Chemical Industries Ltd.	Sakal Papers Ltd.
Force Motors Ltd.	Man Force Trucks Pvt. Ltd.
Kirloskar Proprietary Ltd.	Servalakshmi Paper Ltd.

Mr S.N.Inamdar is not related to any other director on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

He holds 1,433 (0.01%) equity shares in the Company.

No Director other than Mr. S. N. Inamdar is concerned or interested in the above item.

By Order of the Board of Directors

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Aditi Chirmule
Company Secretary

Place: Pune
Date: 14 May 2010

KIRLOSKAR INDUSTRIES LIMITED
ANNUAL REPORT 2009 - 2010



Enriching Lives

Let's celebrate the spirit



ENGINEERING SMILES GLOBALLY



Since its inception over a century ago, the Kirloskar Group has engineered smiles across the world by being a harbinger of prosperity to millions and by going Green. The Group began large-scale operations with Kirloskar Brothers Limited's plant in Kirloskarvadi in 1910. Right from pioneering India's agricultural success-story with innovative products like the iron plough, motor engines and pumps to being the acknowledged leader in engineering solutions globally, the brand "Kirloskar" has come a long way.

Over the years, through sheer effort, enduring vision and commitment to quality, we at Kirloskar have overcome numerous obstacles. What drives us is not just creating world-class products, but bringing a smile on the faces of our customers. Because in their smiles, lies our future. By reinforcing our commitment towards Green in the hearts and minds of our customers, we engineer delight. At Kirloskar, we strive endlessly with single-minded zeal to spread this philosophy in India and across the world.

Even in these trying times, your Company has excelled with continuous innovation, proactive planning and strategic measures. These have enabled us to redefine paradigms and create engineering benchmarks.

Celebrating the year 2009-10 as the centenary year of this epic journey, we are all set to look forward and spread the message of Green in smiles globally. And ready to harvest the global opportunities that the future holds.



Annual Report for the period ended on 31 March 2010

BOARD OF DIRECTORS

Mr. Atul C. Kirloskar	Chairman & Managing Director	
Mr. Vikram S. Kirloskar		
Mr. A. N. Alawani		
Mr. Nihal G. Kulkarni		
Mr. V. K. Bajhal		
Mr. S. N. Inamdar		(w.e.f. 30 March 2010)
Mr. A. R. Sathe		(w.e.f. 30 March 2010)
Mr. Sanjay C. Kirloskar	Vice Chairman	(up to 30 March 2010)
Mr. Gautam A. Kulkarni	Joint Managing Director	(up to 30 March 2010)
Mr. Rahul C. Kirloskar	Director (Exports)	(up to 30 March 2010)
Mr. R. R. Deshpande	Executive Director	(up to 30 March 2010)
Mr. U. V. Rao		(up to 30 March 2010)
Mr. H. M. Kothari		(up to 30 March 2010)
Mr. P. G. Pawar		(up to 30 March 2010)
Mr. R. Srinivasan		(up to 30 March 2010)
Dr. Naushad Forbes		(up to 30 March 2010)
Mr. M. Lakshminarayan		(up to 30 March 2010)

COMPANY SECRETARY

Ms. Aditi Chirmule

AUDITORS

M/s. Dalal & Shah, Chartered Accountants

BANKERS

HDFC Bank Limited

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
(Formerly known as Intime Spectrum Registry Limited)

Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple,
Off Dhole Patil Road, Pune 411 001.

REGISTERED OFFICE

Laxmanrao Kirloskar Road, Khadki, Pune 411 003.

LOCATION OF FACTORIES

Tirade Village, Tal - Akole, Dist. - Ahmednagar.

Information for shareholders

Annual General Meeting	
Date	: Wednesday, 28 July 2010.
Time	: 11.00 A.M.
Venue	: Hotel Le Meridien Raja Bahadur Mill Road, Pune 411 001.
Proposed Dividend	: Nil
Dates of Book Closure	: 27 and 28 July 2010 (both days inclusive)

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Decade at a glance

(Rupees in Millions)											
Sr. No.	Particulars	2009-10*	2008 -09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1	Net Sales	47	21,100	21,564	18,830	13,953	11,486	10,025	8,639	7,430	7,908
2	Profit Before Tax	422	1,805	1,874	2,395	2,460	2,013	1,056	383	274	417
3	Profit After Tax	387	1,159	1,190	1,784	2,006	1,739	708	415	186	413
4	Dividend Amount	*** 291	194	388	388	388	243	194	97	67	67
5	Dividend (%)	*** 75	50	100	200	200	125	100	50	35	35
6	Earning Per Share (Rs)**	40	6	6	18	21	18	7	4	2	4
7	Book Value Per Share (Rs)**	493	49	47	88	74	58	43	38	38	37
8	Share Capital	97	388	388	194	194	194	194	194	192	192
9	Reserves and Surplus	4,689	9,212	8,762	8,319	6,990	5,427	3,963	3,476	3,445	3,316
10	Shareholders' Funds	4,786	9,601	9,150	8,513	7,184	5,621	4,157	3,670	3,637	3,508
11	Loan Funds	-	3,490	3,429	1,063	670	517	297	370	1,082	1,154
12	Total Capital Employed	4,786	13,091	12,579	9,577	7,854	6,138	4,454	4,040	4,719	4,662
13	Gross Block	431	9,924	9,213	5,305	4,834	4,215	3,864	3,902	3,716	3,610
14	Net Block	288	6,730	7,109	3,322	1,922	1,447	1,295	1,414	1,392	1,538
15	Net Current Assets	299	1,959	1,003	1,245	1,030	974	1,195	914	1,281	1,236

* The Engines and Auto – components Divisions of the Company have been transferred to Kirloskar Engines India Ltd. (KEIL) on 31st March 2010, under a Scheme of Arrangement, to vest in KEIL from the Appointed Date, i.e. 1 April 2009.

** The equity share of Rs. 10 each was sub-divided into 5 equity shares of Rs. 2 each w.e.f. 18 August 2005. Previous years' figures have been reworked to make them comparable. Under the Scheme of Arrangement, after reduction of share capital in terms of the said Scheme, 5 equity shares of Rs. 2 each have been consolidated into 1 equity share of Rs. 10 each.

*** Interim Dividend paid in February 2010.



Directors' Report

To the Members,

The Directors have pleasure in presenting this Report with audited annual accounts of the Company for the year ending 31 March 2010.

Scheme of Arrangement, Change of Name and Issue of Shares:

During the year under review, the Hon'ble High Court of Judicature at Bombay approved the Scheme of Arrangement between the Company and Kirloskar Engines India Ltd. (KEIL) vide its order dated 31 July 2009 read with its order dated 19 March 2010 (the "Scheme"). The Appointed Date of the Scheme of Arrangement is 1 April 2009. The Balance Sheet and Profit and Loss Account and related financial statements have been made, accordingly, pursuant to the provisions of the said Scheme.

In terms of the Scheme, the Engines and Auto-components business of the Company was transferred to KEIL with effect from 31 March 2010, and vested in KEIL from the Appointed Date, i.e. 1 April 2009. The Company carried on the business that was transferred to KEIL in trust for it from the period 1 April 2009 to 31 March 2010. In view of this, previous year's figures have not been given in respect of the financials given in this Report, as these figures are not comparable.

Also, pursuant to the Scheme, the name of the Company has been changed from "Kirloskar Oil Engines Limited" to "Kirloskar Industries Limited" with effect from 31 March 2010.

97,08,650 equity shares of Rs. 10 each were issued to the members of the Company as on 22 April 2010, the Record Date for the purpose of issue of shares, on 30 April 2010. The equity shares were issued to every member of the Company holding for example 20 equity shares of Rs. 2/- each in the Company as on Record Date i.e. 22 April 2010, 15 Equity shares of Rs. 2/- in KEIL and 1 Equity share of Rs. 10/- credited as fully paid up in the Company.

Relisting on Stock Exchanges:

Further to the issue of shares to the shareholders pursuant to the Scheme, the Company is in the process of making an application for relisting of the new shares, to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), on which its equity shares were already listed.

Financial Performance:

	(Rupees in 000's) 2009-2010
Total Income	507,365
Total Expenditure	85,649
Profit before exceptional items & taxation	421,716
Profit before taxation	421,716
Provision for tax (including Deferred Tax)	34,789
Net Profit	386,927
Balance of Profit / (Loss) from previous year	1,661,297
Surplus available for appropriation	2,048,224

Appropriations:

Your Directors propose to appropriate the available surplus as follows:

	(Rupees in 000's)
Proposed Dividend	-
Interim Dividend	291,260
Corporate Tax on Dividend	49,500
Transfer to Contingency Reserve	-
Transfer to General Reserve	38,693
Balance carried to Balance Sheet	1,668,771

Dividend:

Interim Dividend of 75% (Rs. 1.50 per share) was paid in the month of February 2010. Your Directors do not recommend final dividend for the year. (Total dividend paid in the previous year was 50%).

Management Discussion and Analysis:

Pursuant to the Scheme of Arrangement, on the transfer of the Engines and Auto-components business of the Company to KEIL, the operations of your Company comprise of windmills. Operational performance of windmills is commented upon hereinafter.

Operations of the Company:

Windmills

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 MW. The Mills are located at Tirade Village, Tal- Akole, Dist – Ahmednagar. These windmills were set up at a total cost of Rs. 2,856 Lakhs. The windmills have generated net wind energy of 89.64 lakhs units of electricity in the year under review as against 105.48 lakhs units of electricity in the previous year. The units of electricity generated have been consumed by KEIL in its plants located at Khadki, Pune, and Kagal, Kolhapur, before the Scheme of Arrangement came into effect. On the coming into effect of the Scheme, the units of electricity generated will be sold to KEIL. Your Company is in the process of discussions with the Maharashtra State Electricity Board (MSEB) for permission to sell these units of electricity generated to KEIL.

Others

The Company owns lands and buildings thereon in Pune, and apartments and offices in Mumbai, Bangalore, New Delhi and Jaipur. The Company has granted most of these land and buildings, and apartments / offices to KEIL and other companies in the Group on leave and license basis.

As on the date of this Report, the Company's investments stand at Rs. 175 crores (previous year Rs. 422 crores), held in the equity shares of various companies, which are mainly Kirloskar Group companies.

During the year under review, the Company sold equity shares held by it in Kirloskar Toyoda Textile Machinery Private Limited, Toyota Kirloskar Motor Private Limited, Toyota Kirloskar Auto Parts Private Limited, TG Kirloskar Automotive Private Limited, Toyota Tsusho India Private Limited, Denso Kirloskar Industries Private Limited and Kirloskar Integrated Technologies Limited.

The proceeds from the sale of the above investments have been invested in various mutual funds. The total corpus invested in Mutual Funds as on 31 March 2010 is Rs. 250 crores (previous year Rs. 50 crores).

Company Performance:

During the year under review your Company achieved an income of Rs. 50.7 crores.

The profit before tax is at Rs. 42.2 crores after providing for depreciation of Rs. 3.1 crores.

Human Resources:

Pursuant to the Scheme of Arrangement between the Company and KEIL, all employees except 2 employees, have been transferred to KEIL with effect from 31 March 2010.

Concerns and Threats:

Following are the identified risk/ concerns and threats for the operations of the Company.

- Natural calamities like cyclones, earth quake and fire or act of God will damage the windmills.
- Agitation by the local people against the operation of windmills.
- Major maintenance expenditure due to failure of important components of the windmills.
- Disturbances and failure in the Maharashtra State Electricity Distribution Company Ltd. grid.