



Enriching Lives

KIRLOSKAR PNEUMATIC CO. LTD.

36TH ANNUAL REPORT 2010 - 2011



Solving complex engineering problems -
as simple as turning a page

EXPERTISE TO GIVE SIMPLE SOLUTIONS TO GREAT ENGINEERING CHALLENGES

It is our simple solutions to complex engineering problems that adhere us to our clients. Solutions that are borne on the strength of our expertise, skills and engineering ability. To explore more and more simple options. To take our clients, where no one else has been before. This journey has taken us to a INR 7,600 crore (US\$1.6 billion) engineering conglomerate today; with sincere belief in meeting the toughest of challenges with the best of our solutions. To deliver cost effective solutions that bring prosperity and smiles across the world.

What drives us today is not just world class products, but our commitment to meet bigger and tougher challenges. To make sure that our clients get their solutions in the quickest of times in the toughest of environments. Continuous improvements, proactive planning and strategic measures make us one of the greatest engineering solution providers of all times.

Innovative Solutions

Kirloskar Pneumatic Company Ltd. (KPCL), part of the Kirloskar Group is a synonym for providing high end integrated solutions using Compression & Transmission Technologies. Our diversified solutions portfolio caters to the needs of industries like Petrochemicals, Power, Steel, Cement, Food & Beverage and many more. We constantly work on providing solutions which are energy efficient and environment friendly, using the latest technologies available.

Be it the 16,000 kW propylene based refrigeration system for a coal gasification plant in Orissa or a high pressure CNG package for gas filling station in Tripura or a 1 MW gear box for a wind turbine in Tamil Nadu or a refrigeration compressor for fisheries in Kerala or high pressure compressors for cryogenic air separation plants in Gujarat, our engineers work diligently with customers and project consultants to design, develop and deliver innovative products in a timely manner.

BOARD OF DIRECTORS	Mr. Rahul C. Kirloskar Mr. Sanjay C. Kirloskar Mr. Vikram S. Kirloskar Mr. A. C. Mukherji Mr. J. Y. Tekawade Mr. P. S. Jawadekar Mr. G. Krishna Rao Mr. D. R. Swar Mr. Sunil Shah Singh Mr. Aditya Kowshik	Chairman (w.e.f. January 19, 2011) As a Managing Director (w.e.f. April 27, 2011)
COMPANY SECRETARY	Mr. Jitendra R. Shah	
STATUTORY AUDITORS	M/s. Dalal & Shah Chartered Accountants, Mumbai 400 040	
BANKERS	Bank of India Bank of Maharashtra ICICI Bank Ltd. HDFC Bank Ltd.	State Bank of India Union Bank of India
REGISTRAR & TRANSFER AGENTS	LINK INTIME (INDIA) PVT. LTD. Pune Office : Akshay Complex, No. 202, 2 nd Floor, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001	
		Mumbai Office : C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078
REGISTERED OFFICE	Hadapsar Industrial Estate, Pune 411 013	
LOCATION OF PLANTS	Pune and Saswad	

**Information for shareholders
Annual General Meeting**

Day & Date	: Tuesday, June 28, 2011
Time	: 11.00 a.m.
Venue	: Pudumjee Hall Maharatta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune 411 002
Date of Book Closure	: June 20, 2011 to June 28, 2011 (both days inclusive)

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NOTICE OF 36TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 36th Annual General Meeting of the Members of Kirloskar Pneumatic Company Limited will be held on Tuesday, the 28th day of June, 2011 at 11.00 a.m. at Pudumjee Hall, Maharashtra Chamber of Commerce, Industries & Agriculture, Tilak Road, Pune - 411 002 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011 and the Auditors' and Directors' Report thereon.
2. To declare dividend on equity shares for the financial year ended on 31st March, 2011.
3. To appoint a Director in place of Mr. Rahul C. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vikram S. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A. C. Mukherji, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**.

“RESOLVED that M/s. P. G. Bhagwat, Chartered Accountants, Pune, (Firm Registration No. 101118W), in respect of whom the Company has received a Special Notice pursuant to Section 190 and 225 of the Companies Act, 1956 be and are hereby appointed as Statutory Auditors of the Company to hold office as such from the conclusion of this Meeting until conclusion of the next Annual General Meeting AND THAT the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period.”

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 all applicable provisions of the Companies Act, 1956 consent of the members be and is hereby accorded to the re-designation of Mr. Aditya Kowshik as Managing Director of the Company with effect from April 27, 2011.

RESOLVED FURTHER that all the terms and conditions of his appointment as approved by the members in its meeting held on July 18, 2009 remain unchanged and as per the said resolution the Board of Directors be and are hereby authorised to alter and vary the said terms and conditions of his appointment including remuneration not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed between the Board of Directors and Mr. Aditya Kowshik.”

8. To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**.

“RESOLVED that Mr Sunil Shah Singh who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 19, 2011 in the terms of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company and in respect of whom the Company having received notice in writing under Section 257 of the Act from a member proposing his candidature, be and is hereby appointed as Director of the Company and the period of his office shall be liable to determination by retirement of directors by rotation.”

9. 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 198, 309, 310, 349, 350 and other applicable provisions, if any of the Companies Act, 1956 (“the Act”), the Company may pay to a Director, who is neither in the whole time employment of the Company nor a Managing Director, further remuneration by way of commission (to be divided

amongst them in such manner as the Board of Directors may from time to time determine and in default of such determination equally) upto a period of 5 years commencing from the financial year 2011-12, provided that the remuneration so paid to such a Director, or when there is more than one such Director to all of them together, shall not exceed 1% of the net profits of the Company, computed in the manner laid down in Sections 349 and 350 of the Act.”

NOTES :

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
- 2 The Proxy Form duly executed and stamped should reach the Company's Registered Office 48 hours before the time of the Meeting.
- 3 The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 20th day of June, 2011 to Tuesday, the 28th day of June, 2011 (both days inclusive).
- 4 The dividend as recommended by the Board, if declared at the meeting, will be paid after July 5, 2011 to those members whose names appear on the Company's Register of Members on June 20, 2011. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on June 20, 2011 for this purpose.
- 5 Members to note that Link Intime India Pvt. Ltd. (LI IPL) will be mandatorily printing shareholder's bank account details on the dividend warrants as advised by the Securities and Exchange Board of India. Those Members who have not furnished their bank account details may furnish the same to LI IPL on or before June 10, 2011. Members holding shares in dematerialized form must therefore give instructions regarding their Bank account details to their Depository Participants.
- 6 Members are requested to sign at the place provided on the attendance slip and handover the same at the entrance of the Meeting.
- 7 Queries on Accounts of the Company, if any, may please be sent to the Company Secretary at the Registered Office of the Company seven (7) days in advance of the Meeting so that the answers may be made available at the Meeting.
- 8 Members are requested to bring their personal copy of the Annual Report to the Meeting.
- 9 Re-appointment of Directors at the Annual General Meeting :
Mr. Rahul C. Kirloskar, Mr. Vikram S. Kirloskar and Mr A. C. Mukherji retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49(IV)(G)(i) of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below :

Profile of Directors retiring by rotation :

- A. Mr Rahul C. Kirloskar is a top notch technocrat associated with Kirloskar Group of Companies for more than twenty one years at senior levels in different capacities. Participated in an intensive course of top management professionals of major international companies on Total Quality Management (TQM) in Japan, conducted by Japanese Union of Scientists and Engineers(JUSE), has given a lot of thrust for reducing overheads and is taking all possible steps to reduce the overhead cost and thereby further improve the profitability of the Company and make the products more competitive.

The Directorship in other companies is as follows:

Name of the Company	Board position held
Ansal Properties & Infrastructure Ltd.	Director
GreenTek Systems (India) Ltd.	Director
Kirloskar Brothers Ltd.	Director
Kirloskar Oil Engines Ltd. (Formerly Kirloskar Engines India Ltd.)	Director
Kirloskar Proprietary Limited	Director
Alpak Investments Pvt. Ltd.	Chairman
Asara Sales & Investments Pvt. Ltd	Director
Pratibha Communications Pvt. Ltd.	Chairman

Mr. Rahul C. Kirloskar and Mr. Sanjay C Kirloskar, Directors of the company, being the brothers, are related to each other.

Mr. Rahul C. Kirloskar holds 8,71,485 equity shares in the Company.

- B. Mr. Vikram S. Kirloskar, graduate from Massachusetts Institute of Technology, USA with a Bachelor of Science in Mechanical Engineering and has been trained in various Companies in India and abroad in different capacities. He is responsible for setting up successful joint venture companies like Kirloskar Toyoda Textile Machinery Pvt. Ltd., Toyota Kirloskar Motor Pvt. Ltd. and Toyota Kirloskar Auto Parts Pvt. Ltd.

The Directorship/Committee membership in other companies is as follows:

Name of the Company	Board position held	Committee Membership*
Kirloskar Brothers Ltd.	Director	—
Kirloskar Industries Ltd. (formerly Kirloskar Oil Engines Ltd.)	Director	—
Kirloskar Proprietary Ltd.	Director	—
Kirloskar Systems Ltd.	Chairman & Managing Director	Audit Committee
Quadrant Communications Ltd.	Director	—
Asara Sales & Investments Pvt. Ltd.	Director	—
Denso Kirloskar Industries Pvt. Ltd.	Director	Audit Committee
Kirloskar Technologies Pvt. Ltd.	Director	—
Kirloskar Toyoda Textile Machinery Pvt. Ltd.	Director	Audit Committee
Toyota Kirloskar Auto Parts Pvt. Ltd.	Vice Chairman	Audit Committee
Toyota Kirloskar Motor Pvt. Ltd.	Vice Chairman	Audit Committee
Takshashila Healthcare and Research Service Pvt. Ltd.	Director	—
Toyota Tsusho Insurance Broker India Pvt. Ltd.	Director	—
Vikram Geet Investments & Holdings Pvt. Ltd.	Director	—

*Only two committees i.e. the Audit Committee and Investors' Grievance Committee are considered for this purpose.

Mr. Vikram S. Kirloskar does not hold any shares in the company.

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

- C. Mr. A. C. Mukherji has a long and varied experience in Finance, Insurance and other Corporate subjects, having held important position as Chairman and Managing Director of The New India Assurance Company Limited. The Company would be able to draw upon his long and varied experience.

The Directorship/Committee membership in other companies is as follows:

Name of the Company	Board position held	Committee Membership
Digjam Ltd.	Director	Audit Committee Investor's Grievance Committee
Sahara India Life Insurance Co. Ltd.	Director	Audit Committee
Asiatic Oxygen Ltd.	Director	Audit Committee
Ludlow Jute & Specialties Ltd.	Director	Audit Committee
UT Limited	Director	Audit Committee Investor's Grievance Committee
NPR Finance Ltd.	Director	Audit Committee
VXL Technologies Ltd.	Director	Audit Committee

*Only two committees i.e. the Audit Committee and Investors' Grievance Committee are considered for this purpose.

Mr. A. C. Mukherji does not hold any shares in the Company.

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

By Order of the Board of Directors

Registered Office :
Hadapsar Industrial Estate,
Pune 411 013
Date : May 17, 2011



Jitendra R Shah
Company Secretary

ANNEXURE TO THE NOTICE

Explanatory statement as required under Section 173(2) of the Companies Act, 1956.

ITEM NO. 6 OF THE NOTICE

The Statutory Audit of the accounts of the Company is currently carried out by M/s. Dalal & Shah, Chartered Accounts, Mumbai, Firm Registration No. 102021W.

Pursuant to the provisions of Section 190 and 225 of the Companies Act, 1956, the Company had received a Special Notice from a Member of the Company signifying its intention to propose the name of M/s. P. G. Bhagwat, Chartered Accountants, Pune, Firm Registration Number 101118W, as Statutory Auditors of the Company along with a deposit of Rs. 500/- as required under the said Act.

Accordingly, the Board of Directors of the Company, pursuant to the recommendation of the Audit Committee, proposes the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune, Firm Registration Number 101118W, as the Statutory Auditors of the Company, who will hold office as such from the conclusion of this Meeting until the conclusion of the next Annual General Meeting.

M/s. P. G. Bhagwat, Chartered Accountants, Pune, Firm Registration Number 101118W, have expressed their willingness to act as the Statutory Auditors of the Company and have further confirmed that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Accordingly approval of the members is being sought to the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Firm Registration Number 101118W, Pune, as the Statutory Auditors of the Company to hold office as such from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors of the Company.

ITEM NO. 7 OF THE NOTICE

The Members at their Annual General Meeting held on July 18, 2009 had approved the appointment of Mr. Aditya Kowshik as Executive Director for a period of 5 years w.e.f. October 24, 2008 and had also authorised the Board of Directors to alter and vary the terms of his appointment.

The Board of Directors of the Company at their meeting held on April 27, 2011 re-designated Mr Aditya Kowshik, Executive Director as Managing Director with effect from April 27, 2011 subject to approval of members.

The terms & conditions of his appointment including remuneration remain unchanged.

In this respect company has already circulated Abstract under Section 302 of the Companies Act, 1956 on May 9, 2011.

The Board of Directors of your Company recommends the resolutions as set out at Item No. 7 of the Notice for your approval.

No other Director of the Company is concerned or interested except Mr. Aditya Kowshik is so far as it relate to him.

ITEM NO. 8 OF THE NOTICE

Mr. Sunil Shah Singh joined the Board the Company as an Independent Non Executive Director on January 19, 2011 as per Section 260 of the Companies Act, 1956 read with Article 88 of the Articles of Association of the Company. Mr. Sunil Shah Singh holds office only till the date of the forthcoming Annual General Meeting.

A Notice has been received from a member along with Deposit of Rs. 500/- as required under section 257 of the Companies Act, 1956 proposing Mr. Sunil Shah Singh candidature for the office of Director.

Mr. Sunil Shah Singh did his post graduation B.Tech from Indian Institute of Technology, Delhi.

He has experience in varied fields such as purchase, materials management, manufacturing and overall business operations, having held important position of Corporate Advisor/Managing Director of ITD Cementation India Ltd, President of Tetra Pak Processing & Kirloskar Pneumatic Co Ltd, Country Head of Energy Work India & member on Board of Mather & Platt India Ltd. & is also member of Construction Federation of India, Construction Industry Development Council, National Institute of Construction Management and Research.

The Directorship in other companies is as follows:

Name of the Company	Board position held
ITD Cementation Projects India Limited	Director
Accra Investments Private Limited	Director

Except Mr. Sunil Shah Singh no other Director is concerned or interested in this Resolution.

Mr. Sunil Shah Singh do not hold any shares in the company. Mr. Sunil Shah Singh is not related to any director on the Board of the Company as per Section 6 of the Companies Act, 1956.

ITEM NO. 9 OF THE NOTICE

In view of increasing business operations of the Company and as a token of recognition of the onerous responsibilities cast on the Directors of the Company under the various laws in achieving the desired objectives, it is proposed to pay additional remuneration by way of commission to the Directors who are neither in the whole time employment of the Company nor the Managing Director of the Company (Non Executive Directors). The remuneration committee and the Board of Directors, at their respective meetings held on April 27, 2011 accorded their approval for payment of additional remuneration by way of commission to such Directors of the Company in pursuance to the provisions of Section 198, 309, 310, 349, 350 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the necessary approvals of the members of the Company.

All the Directors of the Company, except Mr. Aditya Kowshik, Managing Director of the Company may be deemed to be interested / concerned in this resolution to the extent of additional remuneration by way of commission payable to them.

By Order of the Board of Directors



Jitendra R Shah
Company Secretary

Registered Office :
Hadapsar Industrial Estate,
Pune 411 013
Date : May 17, 2011