



# KIRLOSKAR PNEUMATIC CO. LTD.

A Kirloskar Group Company

Enriching Lives

41<sup>st</sup> ANNUAL REPORT 2015 - 2016





**BOARD OF DIRECTORS**

Mr Rahul C Kirloskar	Executive Chairman
Mr Aditya Kowshik	Managing Director
Mr Atul C Kirloskar	
Mr Vikram S Kirloskar	
Mr A C Mukherji	
Mr P S Jawadekar	
Mr G Krishna Rao	
Mr D R Swar	
Mr Sunil Shah Singh	
Dr Aditi Pant	
Dr Ajay Kumar Dua	Appointed w.e.f. 14 <sup>th</sup> March, 2016

**CHIEF FINANCIAL OFFICER**

Mr Suhas S Kolhatkar

**COMPANY SECRETARY**

Mr Jitendra R Shah

**AUDITORS**

M/s P G Bhagwat  
Chartered Accountants, Pune

**SECRETARIAL AUDITORS**

M/s SVD & Associates  
Company Secretaries, Pune

**BANKERS**

Bank of India	HDFC Bank Ltd.
Bank of Maharashtra	ICICI Bank Ltd.
Union Bank of India	

**REGISTERED OFFICE**

Hadapsar Industrial Estate,  
Pune 411 013  
Email: sec@kpcl.net  
www.kirloskarkpcl.com  
CIN: L29120PN1974PLC110307

**Information for shareholders**

Annual General Meeting	
Day & Date	: Friday, 22 <sup>nd</sup> July, 2016
Time	: 2.30 p.m.
Venue	: S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, Ganjave Chowk, Near Patrakar Bhavan, Pune - 411 030.
Dates of Book Closure	: 16 <sup>th</sup> July, 2016 to 22 <sup>nd</sup> July, 2016 (both days inclusive)

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## NOTICE OF 41ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the 41<sup>st</sup> Annual General Meeting of the Members of Kirloskar Pneumatic Company Limited will be held on Friday, the 22<sup>nd</sup> day of July, 2016 at 2.30 p.m. at SM Joshi Socialist Foundation (SM Joshi Hall), S. No. 191/192 Navi Peth, Ganjave Chowk, Near Patrakar Bhavan, Pune 411030 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016 together with the Report of the Auditors' and Board of Directors thereon and Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016.
2. To confirm payment of Interim Dividend @ 70% i.e. Rs. 7/- per Equity Share of Rs. 10/- each in the month of March, 2016 as Final Dividend for the financial year 2015-16.
3. To appoint a Director in place of Mr Rahul C Kirloskar (holding DIN 00007319), who retires by rotation and being eligible, offers himself for re-appointment.
4. **To re-appoint Statutory Auditors and to fix their remuneration and in this regard pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:**  
"RESOLVED that pursuant to the provisions of Sections 139, 142 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. P. G. Bhagwat (Firm Registration No.101118W) Chartered Accountants be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of 41<sup>st</sup> Annual General Meeting till the conclusion of the 46<sup>th</sup> Annual General Meeting subject to ratification by the Members annually at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

### SPECIAL BUSINESS

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 Section 148 and any other applicable provisions of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the Company be and is hereby accorded for the payment of remuneration of Rs. 5 Lacs (Rupees Five Lacs only) to Company's Cost Auditor, M/s Sudhir Govind Jog, a proprietary firm of Cost Accountant, for auditing the cost records maintained by the Company for the financial year ending on 31<sup>st</sup> March, 2017."
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 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr Ajay Kumar Dua (holding DIN 02318948), Director of the Company who was appointed as an additional director, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing 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 5 consecutive years upto 21<sup>st</sup> July, 2021.  
RESOLVED FURTHER that pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr Ajay Kumar Dua be paid such fees and remuneration and profit related commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time."



**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 recommendation of the Nomination and Remuneration Committee, provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals as may be necessary, consent of the Members be and is hereby accorded to the re-appointment of Mr Rahul C Kirloskar (holding DIN 007319), Executive Chairman as the Whole Time Director to be designated as the 'Executive Chairman' of the Company for a further period of five years with effect from 23<sup>rd</sup> January, 2017 on the terms and conditions and remuneration as set out in the explanatory statement and contained in the draft agreement to be entered into between the Company and Mr Rahul C Kirloskar with liberty to the Board of Directors or any committee thereof to alter and vary the said terms of appointment and remuneration subject to the limits specified in Schedule V to the Companies Act, 2013 or any amendments thereto, as may be agreed to between the Board of Directors and Mr Rahul C Kirloskar.”

**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 recommendation of the Nomination and Remuneration Committee, provisions of Section 197 read with Schedule V and applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) for the time being in force and Articles of Association of the Company, the consent of the Members be and is hereby accorded for revision in the remuneration payable to Mr Aditya Kowshik (holding DIN 00228983) for his remaining term as Managing Director w.e.f. 1<sup>st</sup> May, 2016 as set out in the explanatory statement and contained in the draft supplementary agreement to be entered into between the Company and Mr Aditya Kowshik, Managing Director.”

**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 recommendation of the Nomination and Remuneration Committee, provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals as may be necessary, consent of the Members be and is hereby accorded to the re-appointment of Mr Aditya Kowshik (holding DIN 00228983), as Managing Director of the Company for a further period of three years beginning from 24<sup>th</sup> October, 2016 on the terms and conditions including remuneration as set out in the explanatory statement and contained in the draft agreement to be entered into between the Company and Mr Aditya Kowshik with liberty to the Board of Directors or any committee thereof to alter and vary the said terms of appointment and remuneration but so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 or any amendments thereto, as may be agreed to between the Board of Directors and Mr Aditya Kowshik.

RESOLVED FURTHER that subject to the provisions of the Companies Act, 2013 and in terms of Article 99 of the Articles of Association of the Company, the Managing Director shall not, while he continues to hold office of the Managing Director, be subject to retirement by rotation of Directors and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Managing Director if he ceases to hold the office of Director for any cause.”

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

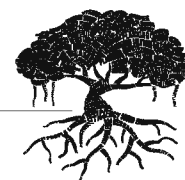
“RESOLVED that pursuant to provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), the Company may pay to a Director who is neither in the whole time employment of the Company nor a Managing Director, further remuneration by way of commission (to be divided amongst them in such manner as the Board of Directors may from time to time determine and in default of such determination equally) commencing from the financial year 2016-17, 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 Section 198 of the Act.”

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## NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY / PROXIES SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of companies must be supported by an appropriate resolution/authority as applicable.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 16<sup>th</sup> July, 2016 to Friday, the 22<sup>nd</sup> July, 2016 (both days inclusive) for the purpose of Annual General Meeting.
4. In order to get their future dividend through Electronic Clearing Service (ECS) members who are holding shares in physical form are requested to inform their Bank Account Details i.e. Name of the Bank, Branch, its address, Account Number and Type of Account to M/s Link Intime India Pvt Ltd (LI IPL) or to the Company. Shareholders holding shares in electronic form are requested to inform their Bank Account details to their respective Depository Participants. Those Members who do not opt for ECS facility may inform their details to LI IPL for printing the same on the Dividend Warrants to ensure safety.
5. All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the Meeting and other statutory registers shall be available for inspection by the Members at the Registered Office of the Company during normal business hours on all working days between 11.00 a.m. and 1.00 p.m. except Saturdays, from the date hereof up to the date of the Annual General Meeting.
6. In terms of the provisions of Section 124 of the Companies Act, 2013 (corresponding to Section 205A of the Companies Act, 1956), the amount of dividend not encashed or claimed within seven (7) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government. Accordingly, the unclaimed dividend in respect of financial year 2008-09 is due for transfer to the said Fund in August, 2016. In terms of provisions of Section 124 of the Companies Act, 2013 (corresponding to Section 205C of the Companies Act, 1956), no claim shall lie against the Company or the said Fund after the said transfer.
7. Members who have neither received nor encashed their dividend warrant(s) for the financial years 2008-09 to 2015-16, are requested to write to the Company, mentioning the relevant Folio number or DP ID and Client ID, for issuance of duplicate/revalidated dividend warrant(s) before the amount becomes due for transfer.
8. Members holding shares in physical form are requested to promptly notify in writing any changes in their address/bank account details to the Secretarial Department of the Company at Hadapsar Industrial Estate, Pune 411013 or its registrar M/s Link Intime India Pvt Ltd (LI IPL) at their address, Akshay Complex, No. 202, 2nd floor, near Ganesh Temple, Off Dhole Patil Road, Pune 411001. Members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP).
9. Equity shares of the Company are under compulsory demat trading by all investors. Considering the advantage of scripless trading, members are encouraged to consider dematerialization of their shareholding so as to avoid inconvenience in future.
10. Voting through electronic means for Annual General Meeting
  - I. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and modifications and amendments thereof, the Company is pleased to provide Members facility to exercise their right to vote 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") will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through polling paper 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 polling paper.

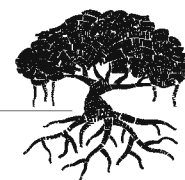
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Tuesday, the 19<sup>th</sup> July, 2016 (9 a.m.) and ends on Thursday, the 21<sup>st</sup> July, 2016 (5 p.m.). During this period, members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, the 15<sup>th</sup> July, 2016 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 shareholder, the shareholder 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 / Depository Participant(s)/ Registrar & Transfer Agent] :
    - (i) Open email and open PDF file viz; "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.
    - (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 PNEUMATIC COMPANY 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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [deulkarcs@gmail.com](mailto:deulkarcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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/Depository Participant(s) or requesting physical copy] :
    - (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM EVEN (Remote e-voting Event Number) USER IDPASSWORD/PIN
    - (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 downloads section of [www.evoting.nsdl.com](http://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.
- 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 Friday, the 15<sup>th</sup> July, 2016.

- 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. 15<sup>th</sup> July, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pune@linktime.co.in](mailto:pune@linktime.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" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. 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.
- XII. 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 polling paper.
- XIII. Mr S V Deulkar, of SVD & Associates, Company Secretaries, (Membership No. FCS: 1321) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the remote e-voting process in a fair and transparent manner.
- XIV. 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 "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. 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 authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.kirloskarkpcl.com](http://www.kirloskarkpcl.com) and on the website of NSDL [www.nsdl.co.in](http://www.nsdl.co.in) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
11. Members are requested to sign at the place provided on the attendance slip and handover the same at the entrance of the Meeting.
12. 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.
13. Members are requested to bring their personal copy of the Annual Report to the Meeting.
14. With a view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.
15. The Annual Report 2015-16 is being sent through electronic mode only to the members whose email addresses are registered with Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by the permitted mode.
16. Re-appointment of Director at the Annual General Meeting :  
Mr Rahul C Kirloskar is liable to retire by rotation and being eligible, offers himself for re-appointment. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the particulars of the aforesaid Director are covered in the Explanatory Statement to item No 7 of this Notice.

Registered Office :  
Hadapsar Industrial Estate,  
Pune 411 013

Date : 27<sup>th</sup> April, 2016

By Order of the Board of Directors  
sd/-  
**Jitendra Shah**  
Company Secretary



## ANNEXURE TO THE NOTICE

### The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

#### ITEM NO. 5 OF THE NOTICE

The Board of Directors at their meeting held on 27<sup>th</sup> April, 2016, based on the recommendation of the Audit Committee, had appointed M/s Sudhir Govind Jog, a proprietary firm of Cost Accountants as Cost Auditors of the Company for auditing the cost records maintained by the Company for the financial year ending on 31<sup>st</sup> March, 2017 and also fixed their remuneration for the said purpose.

Pursuant to the provisions of Section 148 and any other applicable provisions of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) remuneration payable to the Cost Auditors is required to be ratified by the members of the Company.

Therefore, the Board of Directors recommend the proposed resolution for your approval.

None of the Directors and Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the resolution set out at an Item No. 5.

#### ITEM NO. 6 OF THE NOTICE

Dr Ajay Kumar Dua (DIN 02318948) is an Additional Director (Independent Director for the purpose of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) with effect from 14<sup>th</sup> March, 2016 till the ensuing Annual General Meeting.

##### Profile of the Director

Dr Ajay Kumar Dua (aged 68 years) is a graduate of St. Stephens' College, Delhi where he studied for an Honors Degree in Economics. He was awarded a Ph.D by the University of Bombay for his work on Economics of Urban Renewal Programmes. He holds Diplomas in Business Administration, Marketing Management and Russian Language.

Dr Ajay Kumar Dua, a career civil servant joined the Indian Administrative Services in 1971. He has held a variety of senior assignments in the Government of Maharashtra and the Government of India, including as Managing Director of Industrial Promotion Corporations, Joint Secretary in the Union Ministry of Power. He was also the Secretary in the Department of Industrial Policy & Promotion of the Ministry of Commerce and Industry, Government of India, between July 2005 and July 2007.

Currently, he is a senior business advisor of several multinational corporations and on the board of following companies :

Name of the Company	Board position held	Committee Position held
Dabur India Ltd	Director	Corporate Social Responsibility Committee – Chairman Risk Management Committee – Chairman Audit Committee – Member Stakeholders' Relationship Committee – Member
AVIVA India Life Insurance Company Ltd	Director	Corporate Social Responsibility Committee – Chairman Nomination & Remuneration Committee – Chairman Audit Committee – Member

Dr Ajay Kumar Dua ceases to be an Additional Director at the ensuing Annual General Meeting in terms of Section 161 and any other applicable provisions of the Companies Act, 2013, being eligible offers himself for appointment, is proposed to be appointed as an Independent Director for a term of 5 consecutive years upto 21<sup>st</sup> July, 2021. A notice has been received from a Member proposing Dr Ajay Kumar Dua as a candidate for the office of the Director of the Company.

In the opinion of the Board, Dr Ajay Kumar Dua fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively. Copy of the draft letter of appointment of Dr Ajay Kumar Dua as an Independent Director setting out the terms and conditions would be available for inspection by the Members at the Registered Office of the Company during normal business hours on any working day excluding Saturday.

The Board considers that his continued association would be an immense benefit to the Company and it is desirable to continue to avail services of Dr Ajay Kumar Dua as an Independent Director. The Board recommends the resolution in relation to the appointment of Dr Ajay Kumar Dua as an Independent Director, for the approval of the Members of the Company.

Under the Companies Act, 2013, Independent Directors can only receive fees under the provisions of Section 197(5) and profit related commission as may be approved by the Members. Accordingly, approval of Members is also being sought for the purposes of payment of fees and profit related commission, which amounts may be decided by the Board / Nomination and Remuneration Committee, from time to time subject to the limit prescribed under the Companies Act, 2013 and as may be prescribed under the rules that are passed or may be passed from time to time.

Dr Ajay Kumar Dua does not hold any shares in the Company.

Dr Ajay Kumar Dua is not related to any other director on the Board of the Company.

None of the Directors or Key Managerial Personnel or their relatives other than Dr Ajay Kumar Dua are concerned or interested, financial or otherwise, in the resolution set out at an Item No. 6. This explanatory statement may also be regarded as disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### ITEM NO. 7 OF THE NOTICE

Mr Rahul C Kirloskar (DIN : 00007319) was appointed as Director on the Board w.e.f. 30<sup>th</sup> September, 1993 and was co-opted as Non-Executive Chairman w.e.f. 9<sup>th</sup> March, 2010. He was appointed as the Whole Time Director designated as the 'Executive Chairman' of the Company, for a period of 5 years from 23<sup>rd</sup> January, 2012 till 22<sup>nd</sup> January 2017 and the Members of the Company, in its Annual General Meeting held on 17<sup>th</sup> July, 2012, had approved the same.

The Board of Directors of the Company, in its meeting held on 27<sup>th</sup> April, 2016, re-appointed Mr Rahul C Kirloskar as a Whole Time Director designated as the 'Executive Chairman' of the Company, for a further period of 5 years from 23<sup>rd</sup> January, 2017. The said re-appointment as Whole Time Director as well as remuneration to be paid is subject to approval by the Members of the Company at the ensuing Annual General Meeting. The remuneration and other terms and conditions are as set out below and contained in the agreement to be entered into between the Company and Mr Rahul C Kirloskar as approved by the Board of Directors at the said meeting, a copy whereof is open for inspection.

Mr Rahul C Kirloskar is qualified as B. S. (Mechanical Engineering) USA. He has been with the Kirloskar Group of Companies for more than 25 years at senior levels in different capacities. He has actively participated in extensive course for top management professionals of major International Companies on Total Quality Management (TQM) in Japan, conducted by Japanese Union of Scientists and Engineers (JUSE). This course has exposed him to the latest methods of TQM prevailing in Japan. He is also on the Board of several Companies. He has also been Chairman of the CII Pune Zonal Council as well as CII Maharashtra Council.

The Directorship in other companies is as follows:

Name of the Company	Board position held	Committee Position held
Kirloskar Oil Engines Ltd	Director	Audit Committee – Member Nomination & Remuneration Committee – Member
Kirloskar Proprietary Ltd	Director	-
Kirloskar Ferrous Industries Ltd	Vice-Chairman	Corporate Social Responsibility Committee – Chairman
J. K. Fenner India Ltd	Director	Audit Committee – Member Nomination & Remuneration Committee – Member
Green Tek Systems (India) Pvt Ltd	Chairman	-
Alpak Investments Pvt Ltd	Chairman	-
Asara Sales & Investments Pvt Ltd	Director	-
Kirloskar Energen Pvt Ltd	Director	-

Mr Rahul C Kirloskar holds 1,15,579 shares (in the name of first holder only) in the Company.

The details of remuneration payable to Mr Rahul C Kirloskar are as under :

#### **SALARY:**

Rs. 10,00,000/- (Rupees Ten Lacs) per month.

#### **PERQUISITES & OTHER BENEFITS :**

In addition to the aforesaid salary, Mr Rahul C Kirloskar as Executive Chairman shall be entitled to the following perquisites and other benefits :