

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Code of Corporate Governance

Your Company is proud of the high standards it has set for exemplary governance and continues to lay strong emphasis on transparency, accountability and integrity. The Company firmly believes that good Governance is an essential ingredient of any business, a way of life rather than a mere legal compulsion. Responsible corporate conduct is integral to the way your Company conducts its business. The actions are governed by the values and principles of the Company, which are reinforced at all levels within the Company.

The Company's Code of Business Conduct, its Risk Management Framework together with its well-structured internal control systems which are subjected to regular assessment for its effectiveness, reinforces integrity of Management and fairness in dealing with the Company's stakeholders. This, together with meaningful CSR activities and sustainable development policies followed by the Company has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates.

The Company's philosophy of good Corporate Governance aims at establishing a system which will assist the management to fulfill its corporate objectives as well as to serve the best interest of the stakeholders at large viz. Shareholders, Customers, Employees, Environment, Society, Suppliers, Lenders etc. This philosophy has been strengthened by adoption of a Code of Conduct for Board of Directors and Senior Management, adoption of CII's Business Excellence framework, Code for prevention of Insider Trading and also re-enforcing our commitment towards Corporate Sustainability and adoption of the GRIs guidelines on Triple Bottom Line reporting.

A. BOARD OF DIRECTORS

- Composition of the Board**

The Board composition is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder (hereinafter referred as SEBI Listing Regulations, 2015). The Board comprised of 14 directors as on 31st March 2020. The composition of the Board was as under:

Category of Directors	No. of directors
Executive (including Executive Chairman)	3
Non-Executive and Independent (including 2 Women Directors)	7
Non-Executive and Non-Independent (including 1 Woman Director)	4
Total	14

- Meetings held**

The annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The gap between the two meetings did not exceed four months.

During Financial Year 2019-20, the Board met 6 times on 2nd April 2019, 17th May 2019, 9th August 2019, 24th October 2019, 31st January 2020 and 6th March 2020.

The Annual General Meeting of the Company was held on 9th August 2019.

- Board Procedure**

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to facilitate meaningful discussions and enable the Board to take appropriate decisions. As part of the process of good governance,



the agenda also includes the progress on the decisions taken by the Board in its previous meeting(s). A board portal is made available that allows Board of Directors to securely access board documents and collaborate with other board members electronically.

The Board also, inter-alia, reviews quarterly / half yearly / annual results, the strategy of business, annual operating plan, reports for all laws applicable to the Company, review of major legal cases, minutes of Meetings of Committee of the Board, review of internal control framework and risk management etc. The required information as enumerated in Part A of Schedule II of SEBI Listing Regulations, 2015 is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board is also kept informed of major events / items and approvals are taken wherever necessary. As a part of corporate governance the Board Charter has drawn up setting out roles / terms of references and processes of functioning of the Board including Committees of the Board.

• **Category and Attendance of Directors**

The names and categories of the Directors on the Board, their attendance at the Board Meetings (BM) held during the Financial Year 2019-20 and at the last Annual General Meeting (AGM) and also the Directorships, Committee positions held by them in other public limited companies and shareholding of non-executive directors as at 31st March 2020 are given in Table A and the names of the other listed entities in which the Directors hold directorship and category thereof as at 31st March 2020 are given in Table B:

I. **Table A**

Sr. No.	Name of Director	No. of Directorships in other Public Ltd. Cos. @	No. of Committee positions held in other Public Ltd. Cos. **		Attendance at meetings		No. of shares held by Non-Executive Directors
			Chairman	Member	BM	AGM	
Executive Directors							
1	Mr. Atul C. Kirloskar *	4	1	-	6	Yes	NA
2	Mr. Nihal G. Kulkarni *^	4	1	1	6	Yes	NA
3	Mr. Rajendra R. Deshpande ^^	1	-	-	5	Yes	NA
Non-Executive and Non-Independent Directors							
4	Mr. Rahul C. Kirloskar *	4	-	2	5	Yes	1,77,82,902
5	Ms. Gauri Kirloskar *	3	-	2	6	Yes	-
6	Mr. Mahesh R. Chhabria	6	2	1	6	Yes	11,552
7	Mr. Vinesh Kumar Jairath	5	-	6	6	Yes	-
Non-Executive and Independent Directors							
8	Mr. M. Lakshminarayan	7	3	4	4	Yes	-
9	Mr. Pradeep R. Rathi	4	1	3	6	Yes	-
10	Mr. Satish Jamdar	1	-	1	6	Yes	-
11	Mrs. Mrunalini Deshmukh	1	-	-	5	Yes	-
12	Mr. Sunil Shah Singh	3	3	2	4	No	-
13	Mr. Pratap G. Pawar (Retired with effect from 11th August 2019)\$	-	-	-	2	No	5,355

Sr. No.	Name of Director	No. of Directorships in other Public Ltd. Cos. @	No. of Committee positions held in other Public Ltd. Cos. **		Attendance at meetings		No. of shares held by Non-Executive Directors
			Chairman	Member	BM	AGM	
14	Mr. R. Srinivasan (Resigned with effect from 25th October 2019)§	-	-	-	4	Yes	3,750
15	Mr. Kandathil Mathew Abraham #	1	-	1	3	NA	-
16	Dr. Shalini Sarin ##	3	-	2	2	NA	-

Notes:

- * Deemed as Promoters within the meaning of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.
- ** Includes only Audit Committee and Stakeholder Relationship Committee as per Regulation 26 of the SEBI Listing Regulations, 2015.
- @ Directorships held in Foreign Companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956/ under Section 8 of the Companies Act, 2013 & rules thereof including amendments thereunder have not been considered.
- # Appointed as Additional Independent Director of the Company with effect from 10th August 2019.
- ## Appointed as Additional Independent Director of the Company with effect from 25th October 2019.
- § Information as on date of resignation/retirement
- ^ Mr. Nihal G. Kulkarni (DIN 01139147) resigned as the Managing Director of the Company, which was effective from close of working hours of 28th April 2020.
- ^^ The term of re-appointment of Mr. Rajendra R. Deshpande (DIN 00007439) as Managing Director & Chief Executive Officer of the Company expired on 28th April 2020. Consequent to this he ceased as the Director and Key Managerial Person of the Company with effect from the close of working hours of 28th April 2020. The Board of Directors in its meeting held on 6th March 2020, subject to approval of members of the Company, appointed Mr. Sanjeev Nimkar (DIN 07869394), as an Additional Director and also as a Managing Director of the Company, with effect from 29th April 2020.

II. Table B:

Sr. No.	Name of Director	Name of the other Listed entities in which Director holds Directorship	Category of Directorship
1	Mr. Atul C. Kirloskar	Kirloskar Industries Limited	Non-Independent Non-Executive Director
		Kirloskar Ferrous Industries Limited	Non-Independent Non-Executive Director
		Kirloskar Pneumatic Company Limited	Non-Independent Non-Executive Director



Sr. No.	Name of Director	Name of the other Listed entities in which Director holds Directorship	Category of Directorship
2	Mr. Rahul C. Kirloskar	Kirloskar Ferrous Industries Limited	Non-Independent Non-Executive Director
		Kirloskar Pneumatic Company Limited	Non-Independent Executive Director
3	Mr. Nihal G. Kulkarni	Kirloskar Industries Limited	Non-Independent Non-Executive Director
		G. G. Dandekar Machine Works Limited	Non-Independent Non-Executive Director
4	Mr. Rajendra R. Deshpande	Swaraj Engines Limited	Non-Independent Non-Executive Director
5	Ms. Gauri Kirloskar	The Bombay Burmah Trading Corp. Limited	Independent Non-Executive Director
		The Bombay Dyeing and Manufacturing Company Limited	Independent Non-Executive Director
6	Mr. Mahesh R. Chhabria	Kirloskar Industries Limited	Non-Independent Executive Director
		Deepak Fertilisers and Petrochemicals Corporation Limited	Independent Non-Executive Director
		Kirloskar Ferrous Industries Limited	Non-Independent Non-Executive Director
		Tube Investments of India Limited	Independent Non-Executive Director
7	Mr. Vinesh Kumar Jairath	Kirloskar Industries Limited	Non-Independent Non-Executive Director
		The Bombay Dyeing and Manufacturing Company Limited	Independent Non-Executive Director
		Wockhardt Limited	Independent Non-Executive Director
		The Bombay Burmah Trading Corp. Limited	Independent Non-Executive Director

Sr. No.	Name of Director	Name of the other Listed entities in which Director holds Directorship	Category of Directorship
8	Mr. M. Lakshminarayan	Rane (Madras) Limited	Independent Non-Executive Director
		WABCO India Limited	Independent Non-Executive Director
		TVS Electronics Limited	Independent Non-Executive Director
		ASM Technologies Limited	Non-Independent Non-Executive Director
		Wendt (India) Limited	Independent Non-Executive Director
		Suprajit Engineering Limited	Independent Non-Executive Director
9	Mr. Pradeep R. Rathi	Sudarshan Chemical Industries Limited	Non-Independent Non-Executive Director
		Finolex Industries Limited	Independent Non-Executive Director
		Sanghvi Movers Limited	Independent Non-Executive Director
10	Mr. Satish Jamdar	Kirloskar Industries Limited	Independent Non-Executive Director
11	Mrs. Mrunalini Deshmukh	Kirloskar Industries Limited	Independent Non-Executive Director
12	Mr. Sunil Shah Singh	Kirloskar Industries Limited	Independent Non-Executive Director
		Kirloskar Pneumatic Company Limited	Independent Non-Executive Director
		ITD Cementation India Limited	Independent Non-Executive Director
13	Mr. Kandathil Mathew Abraham	Muthoot Capital Services Limited	Independent Non-Executive Director
14	Dr. Shalini Sarin	Linde India Limited	Independent Non-Executive Director
		Automotive Axles Limited	Independent Non-Executive Director

Note:

None of the Directors on the Board of the Company is a Director of more than 8 listed entities nor, an Independent Director of more than 7 listed entities as at 31st March 2020.

None of the Directors on the Board of the Company is a Member of more than 10 Committees and Chairperson of more than 5 Committees in all public limited Companies whether listed or not in which he is director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other public limited Companies.

Mr. Atul C. Kirloskar and Mr. Rahul C. Kirloskar, being brothers, are related to each other. Mr. Atul C. Kirloskar and Ms. Gauri Kirloskar, being father and daughter, are related to each other.



None of the other Directors are related to any other Director of the Company as defined under Companies Act, 2013 & Rules thereof including amendments thereunder.

- **Familiarization Programme for Independent Directors**

The Company has familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. For the newly appointed Directors Induction Programme is conducted and On-Boarding Manual is provided for their information and awareness. A detailed Letter of Appointment is also issued to them. The details of familiarization programme imparted to the Independent Directors are available on the website of the Company. (Web-link. http://koel.kirloskar.com/sites/koel.kirloskar.com/pdfs/2020/KOEL%20Familiarisation%20Programme%20for%20Independent%20Directors_31%20March%202020.pdf)

- **The list of core skills / expertise / competencies required and available with the Board and names of Directors who have such skills / expertise / competencies in the context of business of the Company for its effective functioning is as follows [Pursuant to Schedule V, Part C (2)(h) of SEBI Listing Regulations, 2015]**

Sr. No.	List of Core skills/expertise / Competencies	Atul C. Kirloskar	Nihal G. Kulkarni	Rajendra R. Deshpande	Rahul C. Kirloskar	Vinesh Kumar Jairath	Mahesh R. Chhabria	Gauri Kirloskar	M. Lakshminarayan	Sunil Shah Singh	Satish Jamdar	Mrunalini Deshmukh	Shalini Sarin	Kandathil Mathew Abraham	Pradeep R. Rathi
A	Technical														
1	Finance		✓	✓		✓	✓	✓	✓		✓			✓	✓
2	Law					✓	✓					✓		✓	
3	Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
4	Sales & Marketing	✓	✓	✓					✓	✓					✓
5	Manufacturing & Operations	✓	✓	✓					✓						
6	Research & Development	✓		✓					✓					✓	
7	Human Resources	✓		✓				✓	✓				✓	✓	
8	Information Technology		✓											✓	
B	Industry														
1	Knowledge about Economy	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	
2	Industry experience	✓	✓	✓					✓	✓	✓		Energy Industry		✓
3	Knowledge of business sector	✓	✓	✓	✓		✓	✓	✓		✓				
C	Governance														
1	Compliance Management	✓		✓		✓	✓		✓	✓			✓		✓
2	Knowledge about statutory / regulatory laws		✓	✓		✓	✓					✓		✓	
3	Experience in developing and implementing Risk Management	✓		✓		✓	✓		✓	✓	✓		✓		
4	Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓
D	Others														
1	Communication and Interpersonal Skills	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
2	Public Relations	✓		✓		✓	✓		✓			✓	✓	✓	
3	Corporate Restructuring		✓	✓			✓		✓		✓		✓		

- **Criteria of Performance Evaluation of Independent Directors**

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Director. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as achievement against key performance objectives, attendance at meetings, time devoted for the Company, contribution in the Board process etc.

- **Confirmation on declarations given by Independent Directors**

The Board of Directors, after due assessment of veracity of the declarations received from the Independent Directors, confirm that the Independent Directors fulfill the conditions specified

in the Regulation 25(8) of SEBI Listing Regulations, 2015 and they are independent of the management.

- **Reasons for the resignation of Independent Directors during the Financial Year 2019-2020, if any**

Mr. R. Srinivasan, Independent Director, whose term of appointment was upto 11th August 2022, resigned from the Board of the Company with effect from 25th October 2019, due to his pre-occupation. He also confirmed that there was no other material reason for his resignation.

- **Separate meeting of Independent Directors**

The Independent Directors meet at least once in a year without the presence of Executive Directors or Management representatives. They also have a separate meeting with the Chairman of the Board to discuss issues and concerns, if any. The Independent Directors inter alia discuss the issues arising out of Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

B. BOARD COMMITTEES

1. Audit Committee

The Audit Committee comprises of 6 Non-Executive Directors, out of which 4 are Independent Directors. The composition is in conformity with Regulation 18 of SEBI Listing Regulations, 2015.

During Financial Year 2019-20, 6 meetings of the Committee were held on 2nd April 2019, 17th May 2019, 9th August 2019, 24th October 2019, 31st January 2020 and 6th March 2020.

The composition of the Committee and attendance at its meetings as at 31st March 2020 are given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	Mr. M. Lakshminarayan (Chairman)	Non-Executive and Independent (Chairman with effect from 25th October 2019 prior to that acting as Member with effect from 12th August 2019)	2
2	Mr. R. Srinivasan	Non-Executive and Independent (Chairman upto 24th October 2019)	4
3	Mr. Pratap G. Pawar	Non-Executive and Independent (Member upto 11th August 2019)	2
4	Mr. Mahesh R. Chhabria	Non-Executive and Non-Independent	6
5	Mr. Vinesh Kumar Jairath	Non-Executive and Non-Independent	6
6	Mr. Pradeep R. Rathi	Non-Executive and Independent	6
7	Mr. Satish Jamdar	Non-Executive and Independent	6
8	Mr. Kandathil Mathew Abraham	Non-Executive and Independent (Member with effect from 25th October 2019)	2

The Company Secretary acts as the Secretary to the Audit Committee. The Executive Directors and the Chief Financial Officer attend the Audit Committee Meetings. The representatives of the Internal Auditor, Statutory Auditors, Cost Auditors and Business Unit / Operation Heads are invited to the Audit Committee meetings.



The role/terms of references of Audit Committee broadly include:

- i. Reviewing with the management, the quarterly / annual financial statements before submission to the Board for approval;
- ii. Recommendation for appointment of statutory and cost auditor and their remuneration;
- iii. Review of Internal audit reports relating to internal control weaknesses and discussion with internal auditors any significant findings and follow up there on and
- iv. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Modified opinion(s) in the Draft Audit Report.
- v. All other terms/role as specified under Section 177 of the Companies Act, 2013 rules thereof including amendments thereunder, SEBI Listing Regulations, 2015 and SEBI (Prohibition of Insider Trading) Regulations, 2015 including amendments thereunder.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 4 Non-Executive Directors, out of which 2 are Independent Directors. The composition is in conformity with Regulation 19 of SEBI Listing Regulations, 2015.

During Financial Year 2019-20, 5 meetings of the Committee were held on 17th May 2019, 9th August 2019, 24th October 2019, 9th January 2020 and 6th March 2020.

The composition of the Committee and attendance at meeting as at 31st March 2020 is given below:

Sr. No.	Name of the Member Director	Category	No. of Meetings attended
1	Mr. Satish Jamdar	Non-Executive and Independent (Chairman w.e.f. 31st January 2020 prior to that acting as Member)	5
2	Mr. M. Lakshminarayan	Non-Executive and Independent (Member w.e.f. 31st January 2020 prior to that acting as Chairman)	4
3	Mr. Mahesh R. Chhabria	Non-Executive and Non-Independent	5
4	Mr. Rahul C. Kirloskar	Non-Executive and Non-Independent	5

The role/terms of reference of the Nomination and Remuneration Committee broadly include:

- i. To identify persons who are qualified to become directors in accordance with the criteria laid down in the Companies Act, 2013 read with rules made thereunder including amendments thereunder and SEBI Listing Regulations, 2015, and recommend to the Board their appointment and removal;
- ii. To make recommendations to the Board concerning suitable candidates for the role of independent director;
- iii. To formulate policy relating to the remuneration for the directors, key managerial personnel and other employees;
- iv. Evaluation of performance of each Director;
- v. Recommendation of appointment and remuneration of senior management one level below the Board;
- vi. Review succession planning mechanism and recommend changes/modifications thereto, if required, to the Board for its consideration;
- vii. To seek professional guidance in succession planning mechanism, if required and to set terms and conditions, including as to remuneration, in this regard, in consultation with the Chairman of the Board;
- viii. Constitute a panel comprising of such members of the Nomination and Remuneration committee and external experts if any as it deems fit, for identifying candidates to fill vacancies at senior management level and to recommend appointment of senior management personnel, as and when required and set the terms and conditions, including as remuneration of panelists, in consultation with the Chairman of the Board;
- ix. All other terms/role as specified under Section 178 of the Companies Act, 2013 read with rules thereof including amendments thereunder and SEBI Listing Regulations, 2015 and assigned by the Board of Directors of the Company from time to time.

3. Stakeholder Relationship Committee

- **Constitution of Committee**

The Stakeholder Relationship Committee comprises 3 Directors out of which the Chairman is an Independent Director. The composition is in conformity with Regulation 20 of SEBI Listing Regulations, 2015. The role / terms of references of the Committee are as specified under Section 178 of the Companies Act, 2013 read with rules thereof including amendments thereunder and SEBI Listing Regulations, 2015. The Committee has been constituted including but not limited to specifically look into shareholders'/ investors' complaints / grievances like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc. and redressal thereof and evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company.

The composition of the Committee and attendance at its meetings as at 31st March 2020 are given below:

During the Financial Year 2019-20, the Committee met on 11th September 2019 and 31st January 2020.

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	Mr. Pradeep R. Rathi (Chairman)	Non-Executive Independent (Chairman with effect from 12th August 2019)	2



Sr. No.	Name of the Member Director	Category	No. of meetings attended
2	Mr. Pratap G. Pawar	Non-Executive and Independent (Chairman & Member upto 11th August 2019)	-
3	Mr. Rajendra R. Deshpande	Executive Director (Upto 28th April 2020)*	2
4	Ms. Gauri Kirloskar	Non-Executive and Non-Independent	1

* Mr. Sanjeev Nimkar has been appointed as a Member of the Stakeholder Relationship Committee with effect from 29th April 2020.

Status of Investor's Complaints as on 31st March 2020 and reported under Regulation 13 of SEBI Listing Regulations, 2015 is as under:

Complaints as on 1st April 2019	1
Received during the year	6
Resolved during the year	7
Pending as on 31st March 2020	0

The Company had no share transfer requests pending as on 31st March 2020.

(In view of the ongoing lockdown because of COVID 19 spread, this report is based on the system generated statements received from Registrar and Share Transfer Agent, without verification of physical documents.)

Name, designation and address of Compliance Officer

Ms. Smita A. Raichurkar, Company Secretary

Kirloskar Oil Engines Limited (Secretarial Department)

Laxmanrao Kirloskar Road, Khadki, Pune - 411 003

Tel: 91 - 20 25810341 (Extn. - 4461) Fax: 91- 20 25813208 and 25810209

E-mail: Smita.Raichurkar@kirloskar.com

Designated email ID for Investors: investors@kirloskar.com

The Company has displayed same ID on its website for the use of investors.

4. Risk Management Committee

The Risk Management Committee of the Company comprises 3 Independent Directors. The composition is in conformity with Regulation 21 of SEBI Listing Regulations, 2015.

During Financial Year 2019-20, 5 meetings of the Committee were held on 2nd April 2019, 24th April 2019, 9th August 2019, 24th October 2019 and 6th March 2020.

The composition of the Committee and attendance at meeting as at 31st March 2020 is given below:

Sr. No.	Name of the Member Director	Category	No. of Meetings attended
1	Mr. M. Lakshminarayan (Chairman)	Non-Executive and Independent	5
2	Mr. Satish Jamdar	Non-Executive and Independent	5
3	Mr. Pradeep R. Rathi	Non-Executive and Independent	5

The role / terms of references of the Committee are as specified under SEBI Listing Regulations, 2015.

C. Remuneration to Directors

The Company has adopted a Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management Personnel which is uploaded on website of the Company.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Directors. The Board based on recommendation of Nomination and Remuneration Committee, decides the commission payable to the Executive Directors on determination of the profits for the Financial Year, within the ceilings prescribed under the Companies Act, 2013 read with rules thereof including amendments thereunder. Agreements have been separately entered into with the Executive Directors setting out the terms and conditions of appointment and tenure as recommended by the Committee and approved by the Board and the members. There is no notice period and no severance fees prescribed in the agreement(s).

The Board of Directors based on recommendation of Nomination and Remuneration Committee decides the remuneration payable to Non-Executive Directors by way of Commission, based on parameters for performance evaluation given under the Nomination and Remuneration Policy. The members at the Annual General Meeting of the Company held on 12th August 2014, approved the payment of commission to the Non-Executive Directors, at the rate of 1% of the net profits of the Company computed in the manner laid down in the Companies Act, 2013 read with rules thereof including amendments thereunder.

Sitting fees of Rs. 50,000/- per Director per meeting of the Board & Audit Committee and Rs. 25,000/- per meeting for Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholder Relationship Committee is payable to Non-Executive Directors for the meetings attended.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees and commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committee of the Company. The Company has not granted any stock options to any of its directors.



Following are the details of the remuneration paid / payable to Directors during Financial Year 2019-20:

(Amount in ₹)

Sr. No.	Name of director	Basic Salary	Allowances	Statutory Contributions	Perquisites*	Commission	Sitting Fees	Total
Executive Directors								
1	Mr. Atul C. Kirloskar	1,71,33,333	20,00,000	46,26,000	30,15,231	1,00,00,000	-	3,67,74,564
2	Mr. Nihal G. Kulkarni	1,08,00,000	20,00,000	29,16,000	43,90,312	50,00,000	-	2,51,06,312
3	Mr. Rajendra R. Deshpande	1,04,62,069	14,50,000	28,24,758	16,12,541	4,00,00,000	-	5,63,49,368
Non- Executive Directors								
4	Mr. Rahul C. Kirloskar	-	-	-	-	5,50,000	4,00,000	9,50,000
5	Mr. Pratap G. Pawar (upto 11th August 2019)	-	-	-	-	3,00,000	2,00,000	5,00,000
6	Mr. R. Srinivasan (resigned with effect from 25th October 2019)	-	-	-	-	6,00,000	4,00,000	10,00,000
7	Mr. M. Lakshminarayan	-	-	-	-	28,50,000	5,25,000	33,75,000
8	Mr. Mahesh R. Chhabria	-	-	-	-	86,50,000	7,25,000	93,75,000
9	Ms. Gauri Kirloskar	-	-	-	-	28,50,000	3,25,000	31,75,000
10	Mr. Pradeep R. Rathi	-	-	-	-	13,00,000	8,00,000	21,00,000
11	Mr. Vinesh Kumar Jairath	-	-	-	-	29,00,000	6,00,000	35,00,000
12	Mr. Satish Jamdar	-	-	-	-	14,00,000	8,50,000	22,50,000
13	Mrs. Mrunalini Deshmukh	-	-	-	-	2,50,000	2,50,000	5,00,000
14	Mr. Sunil Shah Singh	-	-	-	-	2,00,000	2,00,000	4,00,000
15	Mr. Kandathil Mathew Abraham (with effect from 10th August 2019)	-	-	-	-	3,50,000	2,50,000	6,00,000
16	Dr. Shalini Sarin (with effect from 25th October 2019)	-	-	-	-	1,00,000	1,00,000	2,00,000
	Total	3,83,95,402	54,50,000	1,03,66,758	90,18,084	7,73,00,000	56,25,000	14,61,55,244

Notes:

- Allowances include house rent and leave travel allowance.
- Statutory Contributions include Company's contribution to provident fund and superannuation fund/Annuity Fund/National Pension Scheme.
- * Perquisites includes House rent paid, reimbursement of medical, gas and electricity expenses, perquisite value as per Income Tax Rules for furniture at residence but excludes motor car. The above figures do not include provision for leave encashment and gratuity as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for gratuity and leave encashment.

• **Employee Stock Option Plan**

At the Annual General Meeting of Kirloskar Oil Engines Limited held on 9th August 2019, members of the Company passed a resolution for introducing Employees Stock Option Plan 2019 – (KOEL ESOP 2019), for the benefit of employees of the Company. The resolution also accorded approval to the Board of Directors, to formulate the plan as per broad parameters outlined in the resolution, either directly or through the Nomination and Remuneration Committee.

During the year under review, the “KOEL ESOP 2019” has not been implemented.

D. DETAILS ON GENERAL BODY MEETINGS

The details of General Meetings of the shareholders, held during previous 3 years are as under:

During FY	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2017-18	4th August 2017	11.45 a.m.	Annual General	Sheraton Grand Pune Bund Garden Hotel, RBM Road, Pune - 411 001	Re-appointment of Mr. R Srinivasan [DIN: 00043658] as an Independent Director for second term of 5 years.
2018-19	10th August 2018	12.15 p.m.	Annual General	Sheraton Grand Pune Bund Garden Hotel, RBM Road, Pune - 411 001	Continuation of present second term of Mr. R. Srinivasan [DIN: 00043658] as an Independent Director of the Company.
2019-20	9th August 2019	12.15 p.m.	Annual General	Sheraton Grand Pune Bund Garden Hotel, RBM Road, Pune - 411 001	<ul style="list-style-type: none"> • Appointment of Mr. Sunil Shah Singh [DIN: 00233918] as Independent Director of the Company and continuation of his first term of appointment. • Re-appointment of Mr. M. Lakshminarayan [DIN: 00064750] as an Independent Director for second term of 3 years • Approval for 'Kirloskar Oil Engines Limited - Employees Stock Option Plan 2019'

No resolution was passed through the postal ballot during the Financial Year 2019-20.

E. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

The particulars of appointment / re-appointment of directors are given in the explanatory statement of notice of the Annual General Meeting.

F. MEANS OF COMMUNICATION

a. Quarterly results

The Quarterly and Half Yearly results are published in national and local dailies such as Financial Express (English all quarters) and Loksatta (Marathi - all quarters), having wide circulation. Since the results of the Company were published in the newspapers, half yearly reports were not sent individually to the shareholders. The Company's results and official news releases are displayed on the Company's website www.koel.co.in and also available on the websites, viz. www.bseindia.com and www.nseindia.com

b. Presentations to Institutional Investors / Analysts

Presentations are made to analyst on quarterly basis. The presentations are displayed on Company's website www.koel.co.in under Investors' Relations section.



c. NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre

The NEAPS and the Listing Centre of BSE are web based application designed by National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respectively for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, quarterly results, Corporate Announcements etc. are filed electronically on NEAPS and the Listing Centre of BSE.

G. GENERAL INFORMATION FOR SHAREHOLDERS

a. Annual General Meeting

Corporate Identification Number (CIN)	L29120PN2009PLC133351 (Registrar of Companies, Pune)
Annual General Meeting	Date and Day : 28th August 2020, Friday Time : 11.30 am Venue : Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)
Financial Year ended	31st March 2020
Book Closure	22nd August 2020 to 28th August 2020 (Both days inclusive)
Last date of receipt of proxy forms	The requirement of accepting Proxy Forms has been dispensed with as per MCA Circular No. 20/2020 dated 5th May 2020, as it is directed to conducting Annual General Meeting through VC / OAVM.
Financial Calendar 2019-20	During Financial Year 2019-20 the results were announced as under: First quarter : 9th August 2019 Second quarter : 24th October 2019 Third quarter : 31st January 2020 Fourth quarter : 19th June 2020
International Security Identification Number (ISIN)	INE146L01010
Name of Stock Exchange and Stock Code	1. BSE Limited (BSE) – 533293 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. 2. National Stock Exchange of India Limited (NSE) – KIRLOSENG Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
Listing fees	The Annual Listing fee for FY 2019-20 has been paid to BSE and NSE, where the Company's shares are listed.

b. Shareholding Pattern as on 31st March 2020

Category	No. of shares of ₹ 2/- each	% of Shareholding
Promoter and Promoter Group	8,59,62,905	59.44
Foreign Institutional Investors (FII)	1,48,87,778	10.29
Foreign National	1,132	0.00
Individuals	2,24,54,180	15.53
Insurance Companies	40,11,936	2.77
Financial Institution and Banks (FI & Banks)	54,93,167	3.80
Mutual Fund	86,88,169	6.01
Bodies Corporate	18,33,774	1.27
Non Resident Indians	5,08,829	0.35
Alternate Investment Funds	1,11,521	0.08
Investor Education and Protection Fund	6,14,559	0.42
Others	45,911	0.03
TOTAL	14,46,13,861	100.00

c. Distribution of shareholding as on 31st March 2020

Range of Shares	No. of shareholders	No. of Shares	% to total shares
1- 500	27,549	26,65,697	1.84
501-1000	3,378	23,71,336	1.64
1001-5000	3,592	74,86,664	5.18
5001-10000	452	31,62,189	2.19
10001-20000	180	25,00,543	1.73
20001-30000	53	12,74,850	0.88
30001-40000	31	11,02,295	0.76
40001-50000	21	9,27,730	0.64
50001-100000	18	13,32,313	0.92
100001-Above	36	12,17,90,244	84.22
Total	35,310	14,46,13,861	100.00

Dematerialization of shares and liquidity (as on 31st March 2020)	13,90,86,667 Equity Shares (96.18%)
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any Convertible instruments.



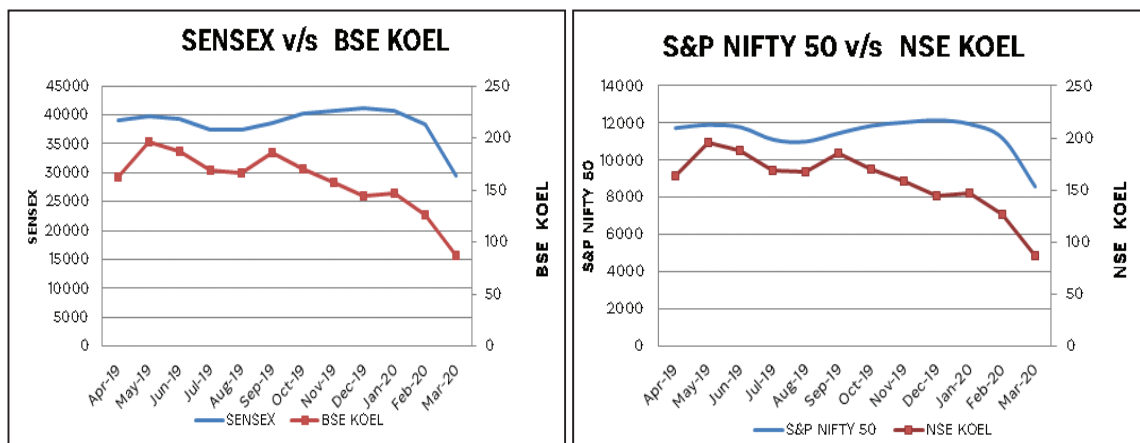
d. Market Price Data

Monthly high/low share prices during the year 2019-20 on the BSE and NSE are as below:

BSE		
Month	High Price	Low Price
Apr-19	181.60	152.10
May-19	205.00	150.10
Jun-19	199.50	185.05
Jul-19	199.00	167.10
Aug-19	178.65	153.00
Sep-19	198.85	160.45
Oct-19	189.35	165.50
Nov-19	177.25	156.75
Dec-19	164.15	142.55
Jan-20	159.20	144.00
Feb-20	152.00	125.60
Mar-20	144.95	70.05

NSE		
Month	High Price	Low Price
Apr-19	184.00	162.00
May-19	204.90	154.60
Jun-19	198.85	185.15
Jul-19	199.80	165.35
Aug-19	178.00	152.55
Sep-19	199.70	163.00
Oct-19	188.75	165.15
Nov-19	179.70	156.35
Dec-19	164.20	142.95
Jan-20	158.75	143.05
Feb-20	149.00	125.25
Mar-20	131.45	76.05

Performance of monthly close price of the Company’s Scrip on the BSE and NSE as compared to the monthly close S&P SENSEX and S & P Nifty 50 for the year 2019-20



e. Share Transfer System

Pursuant to amendments to Regulation 40 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, no requests for effecting transfer of securities held in physical format shall be processed after 1st April 2019. However, there is no restriction on transmission/ transposition of securities held in physical form.

During the year under review applications for transfer of shares which were executed prior to 1st April 2019 in physical form are processed by Registrar and Share Transfer Agent of the Company and are returned after registration of transfer within 15 days from the date of receipt, subject to validity of all documents lodged with the Company. The transfer applications are approved at regular intervals.

Pursuant to the SEBI Listing Regulations, 2015, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.

The information on procedures and forms, which are being asked for by the members frequently, viz. Indemnity/Affidavit etc. for issue of duplicate certificates, transmission procedure, change of address, NECS form, Nomination Form, information about shares allotted pursuant to the Scheme of Arrangement for Demerger/Composite Scheme etc. are uploaded on the Company's website under Investors' Relations section.

- f. **List of all credit ratings obtained by the Company during the financial year for all debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad.**

Not applicable.

- g. **Address for correspondence**

Registrar and Share Transfer Agent

The Company had appointed Link Intime India Private Limited as Registrar & Share Transfer Agent (R & T Agent). All physical transfers, transmission, transposition, issue of duplicate share certificate/s, issue of demand drafts in lieu of dividend warrants, change of address etc. as well as requests for dematerialisation / rematerialisation are being processed at Link Intime India Private Limited.

The contact details are as follows –

Link Intime India Private Limited	Block No. 202, 2nd Floor, 'Akshay' Complex, Off Dhole Patil Road, Pune – 411 001 Tel: 91- 20 26161629 / 26160084 Email: - pune@linkintime.co.in
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- h. **Plant Locations**

Sr. No.	Location	Address	Products manufactured
1	Pune	Laxmanrao Kirloskar Road, Khadki, Pune, Maharashtra – 411 003	Engines
2	Kagal	Plant I - Plot No. D1, 5 Star MIDC, Kagal-Hatkanangale Industrial Area, Tal – Hatkanangale, District – Kolhapur Maharashtra-416236	Engines, Gensets and Pumpsets
		Plant II - Plot No. A-262, Phase I, 5 Star MIDC, Kagal-Hatkanangale Industrial Area, Tal – Hatkanangale, District - Kolhapur Maharashtra – 416236	Engines
		Plant III- (KMW Unit) Plot No. E-18, Opposite M/s. Suktas India Ltd., 5 Star MIDC, Kagal-Hatkanangale Industrial Area, Tal – Hatkanangale, District-Kolhapur Maharashtra- 416236	Power Tiller
3	Nasik	A-11/1, MIDC, Ambad, Nashik Maharashtra - 422 010	Engines and Gensets
4	Bhare	Plot No. 10 A, Gat No. 405, Village – Bhare, Tal. Mulshi, Dist. Pune, Maharashtra – 412115	Gensets and Pumpsets



H. DISCLOSURES

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of SEBI Listing Regulations, 2015.

This Corporate Governance Report of the Company for the Financial Year 2019-20 is in compliance with the requirements of Corporate Governance under SEBI Listing Regulations, 2015.

a. Related Party Transactions

There are no materially significant related party transactions during the financial year that have a potential conflict with the interests of the Company. Suitable disclosure as required by the Indian Accounting Standards (IND AS 24) has been made in note no. 39.5.12 to the Financial Statements in the Annual Report.

The Board of Directors had formulated a policy for dealing with related party transactions which is available on the website of the Company. (Web-link – <http://koel.kirloskar.com/sites/koel.kirloskar.com/pdfs/2020/Policy%20on%20Related%20Party%20transaction.pdf>)

b. Details of capital market non-compliance, if any

There have been no instances of non-compliances by the Company on any matters related to capital markets in the last three (3) years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets.

c. Vigil Mechanism / Whistle Blower Policy

The Company has a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud, unethical behavior, mismanagement etc. This Policy has been amended with effect from 1st April 2019 to include instances of leakage of Unpublished Price Sensitive Information. This would inter alia provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. No person has been denied access to the Audit Committee in this regard. The policy is uploaded on the website of the Company.

d. Policy on material subsidiary

The Board of Directors had formulated a material subsidiary policy which is available on the website of the Company.

(Web-link – <http://koel.kirloskar.com/sites/koel.kirloskar.com/pdfs/2019/Policy%20on%20Material%20Subsidiaries.pdf>)

During the year under review, as per the audited Consolidated Financial Statements of the Company for Financial Year 2018-19, La-Gajjar Machineries Private Limited was a “material subsidiary” of the Company as per Regulation 16(1)(c) of the SEBI Listing Regulations, 2015.

e. Dividend Distribution Policy

Pursuant to Regulation 43A of SEBI Listing Regulations, 2015, the Board of Directors had formulated a Dividend Distribution Policy which is available on the website of the Company.

(Web-link – <http://koel.kirloskar.com/sites/koel.kirloskar.com/pdfs/KOEL-Dividend-Distribution-Policy-25Jan2017.pdf>)

f. Disclosure of commodity price risk, foreign exchange risk and commodity hedging activities

The Company does not have any significant direct exposure in commodities for hedging

through commodity derivatives. The Company manages the foreign exchange risk and hedge to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 39.5.16 to the financial statements in the Annual Report.

g. CEO/CFO Certification

The CEO/CFO Certificate signed by Mr. Sanjeev Nimkar, Managing Director and Mr. Pawan Kumar Agarwal, Chief Financial Officer was placed before the meeting of the Board of Directors held on 19th June 2020.

h. Disclosure with respect to unclaimed shares

The Company has sent two reminders to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. The Company will be sending third reminder letter in due course.

As on 31st March 2020, the total unclaimed equity shares are 4,92,842.

(In view of the ongoing lockdown because of COVID 19 spread, this report is based on the system generated statements received from Registrar and Share Transfer Agent, without verification of physical documents.)

i. The certificate from Mr. Mahesh Risbud, Practicing Company Secretary, [Registration No. 185] stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority has been obtained.

j. During the year under review, the Board has accepted all the recommendations given by the Committees of the Board, which are mandatorily required.

k. Statement of fees paid by the Company along with its Subsidiary Company to Statutory Auditors

Fees of Rs. 54,06,400/- paid by the Company and Fees of Rs. 13,32,192/- by La-Gajjar Machineries Private Limited, Subsidiary Company to M/s P. G. Bhagwat, Chartered Accountants, Statutory Auditors of the Company during the Financial Year 2019-20.

l. There were no complaints filed / pending with the Company during the year in relation to sexual harassment of women at workplace.

m. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) –

Not Applicable

n. Non-Mandatory / discretionary requirements

The extent of adoption of non-mandatory / discretionary requirements is as follows:

i. The Board

The Chairman of the Company is an Executive Director. He maintains his office at the Company's expense and is also allowed reimbursement of expenses incurred in performance of his duties.

ii. Audit qualifications

There are no audit qualifications on the financial statements of the Company.

iii. Shareholder Rights

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any declaration of half yearly performance to the shareholders.

iv. The position of Chairman and Managing Director is separate.



DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

The members of Kirloskar Oil Engines Limited

I hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendment thereunder.

For Kirloskar Oil Engines Limited

Sd/-

Sanjeev Nimkar
Managing Director

Place: Pune

Date: 19th June 2020