

KIRLOSKAR PNEUMATIC COMPANY LIMITED

BOARD DIVERSITY POLICY

Preface:

Pursuant to Clause 49 of the Listing Agreement, which came into effect on 1 October 2014, the Board of Directors of the Company in its meeting held on 3 November 2014, approved the Board Diversity Policy, which has been made effective from 1 October 2014.

¹ The Securities and Exchange Board of India (SEBI) has notified Listing Regulations, on 2 September 2015 which is effective from 1 December 2015. Accordingly, this Policy is aligned as the Policy in accordance with the Regulation 19 read with Part D of Schedule II with effect from 1 December 2015.

The Board Diversity Policy ('the Policy') sets out the approach towards diversity on the Board of Directors of Kirloskar Pneumatic Company Limited ('the Board').

Scope of Application:

The Policy applies to the Board. It does not apply to diversity in relation to employees of Kirloskar Pneumatic Company Limited (KPCL/Company) or any of its subsidiary company in India or abroad, which are covered by their respective policies.

Policy Objective:

- The Board recognises the benefits of striking the right balance in the composition of the Board of Directors by ensuring experts from different spectrum of the existing and /or future environment are co-opted on the Board to help the Company achieve its short term and long term objectives, aspirations and growth potential.
- The Nominations and Remuneration Committee ('the Committee') of the Board reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors. The Committee also oversees the conduct of the annual review of Board effectiveness based on the evaluation of Board's performance.
- In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, skills, regional and industry experience, background,

¹ - Inserted vide Resolution of the Board of Directors dated October 27, 2015.

gender and other qualities of Directors, in order to maintain an appropriate range and balance of skills, experience and background on the Board.

- In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.
- As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge of the Company and the diversity representation of the Board.

Measurable Objectives:

The Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time the Board may seek to modify one or more aspects of its diversity and measure progress accordingly.

Monitoring and Reporting:

The Committee will report annually, in the corporate governance section of the Annual Report, on the process it has used in relation to Board appointments. Such report will include a summary of this Policy, the measurable objectives set for implementing the Policy and progress made towards achieving those objectives.

Review of the Policy:

The Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy. The Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

Date :November 3, 2014
Place : Pune
Amended on October 27, 2015

For and on behalf of the Board of Directors of
Kirloskar Pneumatic Company Limited
- s/d -
Rahul C. Kirloskar
Executive Chairman