

**KIRLOSKAR PNEUMATIC COMPANY LIMITED**  
**POLICY ON MATERIAL SUBSIDIARIES**

**1. INTRODUCTION**

Securities and Exchange Board of India (SEBI) vide its circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with its Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 has mandated to form policy for determining material subsidiaries under Clause 49 of the Listing Agreement.

The Board of Directors (the “Board”) of Kirloskar Pneumatic Company Limited (‘KPCL’ or the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below.

This Policy will be applicable to the Company effective October 1, 2014. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

<sup>1</sup> The Securities and Exchange Board of India (SEBI) has notified Listing Regulations, on 2 September 2015 which is effective from 1 December 2015. Pursuant to these Regulations the Policy is amended in accordance with the Regulation 16. Accordingly, this Policy will be treated as the Policy under the said Regulation with effect from 1 December 2015.

**2. POLICY OBJECTIVE**

This is to determine the Material Subsidiaries of KPCL.

**3. DEFINITIONS**

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

**4. POLICY**

“**Material Subsidiary**” shall mean a subsidiary, <sup>1</sup>whose income or net worth exceeds 20% of the consolidated income or net worth, respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

<sup>1</sup> - Inserted vide Resolution of the Board of Directors dated October 27, 2015.

## **5. Amendment**

The <sup>1</sup>Executive Chairman reserves its right to amend or modify this policy in whole or in part, at any time, when it deems appropriate.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any Regulations issued thereunder and/or in the provisions of the Listing Agreement, which makes any of the provisions in the Policy inconsistent with the Act or Regulations or Listing <sup>1</sup>Regulations, the provisions of the Act or Regulations or Listing Agreement would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law.

For Kirloskar Pneumatic Company Limited

-s/d-

Rahul C. Kirloskar

Executive Chairman

Pune: 3<sup>rd</sup> November, 2014

Amended on October 27, 2015

<sup>1</sup> - Inserted vide Resolution of the Board of Directors dated October 27, 2015.