



KIRLOSKAR PNEUMATIC COMPANY LIMITED

A Kirloskar Group Company

Enriching Lives

Dear Member(s),

NOTICE OF POSTAL BALLOT

[Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of Companies (Management and Administration) Rules, 2014, to transact the following Special Business by the Members of Kirloskar Pneumatic Company Limited by passing the Special Resolution through Postal Ballot.

The Members consideration and approval is sought for the Special Resolution annexed hereto. The Statement to be annexed to Notice under Section 102 (1) of the Companies Act, 2013, setting out the material facts and reasons for the Resolution is also appended herewith and is being sent to the members along with a Postal Ballot Form for consideration.

Accordingly, the proposed Resolution and the Explanatory Statement thereto is sent to you along with a Postal Ballot Form for your consideration. Mr S V Deulkar, Partner of M/s. SVD & Associates, Practicing Company Secretaries has been appointed by the Board as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

This Special Resolution shall be declared as passed in Postal Ballot if votes cast in favour are not less than three times the votes cast against the resolution.

You are requested to read the Notes to this Notice and instructions printed on accompanying Postal Ballot Form and return the same along with assent (**FOR**) or dissent (**AGAINST**), in the attached self addressed postage pre-paid envelope so as to reach the Scrutinizer **before the close of working hours (5:00 p.m.) on June 7, 2016**. Please note that any Postal Ballot Form(s) received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted. The Scrutinizer will submit his report to the Chairman of your Company after completion of the scrutiny. Results of the Postal Ballot will be declared by the Chairman or any other Director of your Company on Thursday, June 9, 2016 at the Registered Office of the Company, viz. Hadapsar Industrial Estate, Pune 411013. The declaration of the results of the Postal Ballot by the Chairman / Director as stated above shall be treated as declaration of results at a meeting of the members as per the provisions of the Companies Act, 2013 and applicable rules thereunder. The results of the Postal Ballot will be posted on the Company's website viz., www.kirloskarkpcl.com and also communicated to the Stock Exchange (BSE Ltd.), where the Company's shares are listed.

Members may note that as required under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and provisions of Sections 108 and 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company is offering e-Voting facility to all its Members as an alternate mode to exercise their right to vote. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility to members of the Company. Accordingly, the Company is providing e-voting facility through Postal Ballot as an alternate, which would enable them to cast votes electronically, instead of dispatching Postal Ballot. Please read and follow the instructions on e-voting enumerated in the notes to this Notice. Only Members entitled to vote are entitled to fill in the Postal Ballot Form and send it to the Scrutinizer or vote under the e-voting facility offered by the Company, and any other recipient of the Notice who has no voting rights should treat the Notice as an intimation only. Detailed instructions to use the facility are given separately.

PROPOSED RESOLUTION:

Item No. 1: Waiver of recovery of excess remuneration paid to Mr Rahul C Kirloskar, Executive Chairman for the financial years 2012-13, 2013-14 & 2014-15.

To consider and, if thought fit, to pass with or without modification, if any, the following resolution as a Special Resolution:-

"RESOLVED that pursuant to the provisions of Section 197 of the Companies Act, 2013 (Corresponding Section 309(5B) of the Companies Act, 1956) read with Schedule V of the Companies Act, 2013 (Corresponding Schedule XIII to the Companies Act, 1956) and other applicable provisions, if any, of the Companies Act, 2013 / 1956 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, if any, and subject to the approval of the Central Government and also subject to such other consents and approvals as may be necessary, the consent of the Members be and is hereby accorded for waiver of recovery of excess remuneration as set out in the explanatory statement paid to Mr Rahul C Kirloskar, Executive

Chairman (DIN 00007319) over and above the limits as prescribed under the provisions of Section 197 read together with Schedule V of the Companies Act, 2013 (Corresponding Sections 198, 309 read together with Schedule XIII of the Companies Act, 1956) during the financial years 2012-13, 2013-14 and 2014-15.

RESOLVED FURTHER that the Directors and the Key Managerial Personnel of the Company be and are hereby severally authorised to sign letters, documents, clarify, reply and submit necessary documents, clarifications and to obtain approvals from Central Government (Ministry of Corporate Affairs) and any other authority for waiver of recovery of excess remuneration paid to Mr Rahul C Kirloskar, Executive Chairman and to make necessary documents and writings that may be required, on behalf of the Company and to do all such acts, deeds, matters and things as may be deemed necessary, proper, expedient or incidental for giving effect to this resolution.

By order of the Board of Directors
For Kirloskar Pneumatic Co. Ltd.

Place : Pune
Date : April 27, 2016

Jitendra R Shah
Company Secretary

Registered Office

Hadapsar Industrial Estate, Pune 411013
Ph.: 020-26727000
Fax : 020-26870297
Email : sec@kpcl.net
CIN : L29120PN1974PLC110307
Website : www.kirloskarkpcl.com

NOTES

1. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto. The said resolution and explanatory statement alongwith Postal Ballot Form are being sent to you for your consideration.
2. The Postal Ballot Notice is being sent to all the Members whose names appear in the Register of Members / list of Beneficial Owners received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on the cut-off date i.e. May 3, 2016, as on close of business hours.
3. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. May 3, 2016.
4. Members who have not registered their email IDs are requested to register the same with the Company's Registrar & Transfer Agent / Depositories in order to receive the Company's Annual Report , Postal Ballot and other communications electronically.
5. Voting through electronic means
In compliance with provisions of Sections 108 and 110 of the Companies Act, 2013 and Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote for the Postal Ballot by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL):

The instructions for 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 Participants(s)/Registrar & Transfer Agent]:
 - (i) Open email and open PDF file viz. "KPCL e-Voting.pdf" with your client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
 - (ii) Open 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 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 e-voting opens. Click on e-voting : Active Voting Cycles.
 - (vii) Select "EVEN" of Kirloskar Pneumatic Company Limited.
 - (viii) Now you are ready for 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 is cast, 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 authorised signatory/(ies) who are authorised to vote, to the Scrutinizer through email to deulkarcs@gmail.com with a copy marked to evoting@nsdl.co.in

- (xiii) Kindly note that members can opt for only one mode of voting i.e. either by physical ballot or e-voting. In case of receipt of vote by both the modes voting done through e-voting shall prevail and voting done by physical ballot shall be treated as invalid.
 - (xiv) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for members available at the downloads section of www.evoting.nsdl.com or contact NSDL via email at e-voting@nsdl.co.in
 - (xv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
 - (xvi) The e-voting period commences on May 9, 2016 (9.00 a.m.) and ends on June 7, 2016 (5.00 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 i.e. May 3, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- B. In case a Member receives physical copy of the Notice of Postal Ballot [for members whose email ids are not registered with the Company/Depository Participant(s) or requesting physical copy]
- (i) The Postal Ballot Form is provided for the benefit of members, who do not have access to e-voting facility.
 - (ii) Members who do not have access to e-voting facility may exercise their right to vote on business to be transacted by Postal Ballot by submitting the Postal Ballot Form enclosed to this Notice.
 - (iii) Mr S V Deulkar, Partner of M/s SVD & Associates, Practising Company Secretaries, (Membership No. FCS 1321 CP 965) (c/o. LINK INTIME INDIA PVT. LTD. (Unit Kirloskar Pneumatic Company Limited) C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078) has been appointed as the Scrutinizer for Postal Ballot to conduct Postal Ballot in a fair and transparent manner.
 - (iv) Members may communicate their assent or dissent by returning duly filled in and sign the enclosed Postal Ballot Form in attached self-addressed and postage pre-paid (if posted from India) envelope, so as to reach the Scrutinizer on or before 5.00 p.m. on, June 7, 2016. The Postal Ballot Form received thereafter will be strictly treated as not received.
 - (v) Please follow the instructions as mentioned in the Postal Ballot Form.
6. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any.
7. Upon completion of scrutiny of the Postal Ballot voting, the Scrutinizer will submit his report to the Chairman.
8. The Results shall be declared on Thursday, June 9, 2016. The date of declaration of the results by the Chairman / such other Director shall be deemed to be the date of General Meeting convened in that behalf. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.kirloskarkpcl.com and communicated to the Stock Exchange (BSE Ltd.)

EXPLANATORY STATEMENT

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") to the accompanying Notice dated April 27, 2016:

Item No. 1

Mr Rahul C Kirloskar (DIN 00007319) was appointed as Director on the Board w.e.f. September 30, 1993 and was co-opted as Non-Executive Chairman w.e.f. March 9, 2010. He was appointed as the Whole Time Director to be designated as the Executive Chairman of the Company for a period of 5 years commencing from January 23, 2012 on the terms and conditions as contained in the Board Resolution dated January 23, 2012 and agreement executed with him. The remuneration proposed was recommended by the Remuneration Committee and the said appointment was confirmed by the members at the 37th Annual General Meeting held on July 17, 2012 by way of an ordinary resolution. At that time, the Company had adequate profits and the remuneration approved by the members was well within the limits prescribed under the Companies Act, 1956.

However, during the currency of his tenure and for the financial year ended March 31, 2015 the Company recorded a Net Profit of Rs. 2,060 Lacs as per Section 198 of the Companies Act, 2013 and paid a managerial remuneration of Rs. 153.50 Lacs to Mr Rahul C Kirloskar, Executive Chairman of the Company as minimum remuneration due to inadequate profits subject to approval of members and Central Government. The members of the Company has accorded their consent to the minimum remuneration not exceeding Rs. 160 Lacs by way of special resolution vide Postal Ballot dated May 6, 2015.

Accordingly, pursuant to Schedule V to the Companies Act, 2013, an application was filed with the Central Government for payment of minimum remuneration of Rs. 153.50 Lacs for the financial year ended March 31, 2015 to the Executive Chairman. The Central Government (Ministry of Corporate Affairs) vide its letter dated January 15, 2016 rejected our application for payment of minimum remuneration paid to the Executive Chairman on the ground that the Company had paid excess remuneration (i.e. more than 5%) for the financial years 2012-13 and 2013-14 and further directed recovery of excess remuneration paid to him. However, in the event of inadequacy of profits, the Companies Act, 2013 prescribes minimum remuneration up to Rs. 120 Lacs subject to consent of the members by way of special resolution. Any remuneration in excess of Rs. 120 Lacs needs to be approved by the Central Government in addition to the special resolution approved by the members. Since the members have approved the payment of remuneration, such excess remuneration amounts to Rs. 33.50 Lacs for the financial year ended March 31, 2015.

The Company had adequate profits for the financial years 2012-13 and 2013-14. Considering provisions of Section 309 of the Companies Act, 1956 read with Department of Company Affairs (DCA) circular No.2/94 dated February 1, 1994 amending Schedule XIII and DCA clarification on the said circular by way of a press note dated February 10, 1994 and amended Schedule XIII to the Companies Act, 1956 and references on the same, the Company had paid remuneration within the overall limits of 10% as Company had more than one Executive Director (even though more than 5% to one such Director) of its Net Profits to the Executive Chairman during the financial years 2012-13 and 2013-14 considering the payment was made in compliance with the aforesaid provisions. Whereas the Company came to know that it had paid an excess remuneration to the Executive Chairman during the financial years 2012-13 and 2013-14, when the Ministry of Corporate Affairs vide its letter dated January 15, 2016 informed the Company about the same.

The Company has been advised to make representation by way of an application to the Central Government for seeking waiver of recovery of excess remuneration as set out below paid to the Executive Chairman for the financial years 2012-13, 2013-14 and 2014-15. Accordingly, your Company has made representation by way of an application to the Central Government for seeking waiver of recovery of excess remuneration as set out below paid to the Executive Chairman for the financial years 2012-13, 2013-14 and 2014-15, which is under kind consideration.

The Nomination and Remuneration Committee held on March 14, 2016 and the Board of Directors of the Company at their meeting held on March 14, 2016 and April 27, 2016 considered and thought it fit to the consent of the members as Special Resolution by way of Postal Ballot for seeking waiver of recovery of excess remuneration paid to the Executive Chairman of the Company, for the financial years 2012-13, 2013-14 and 2014-15 in excess of the limits prescribed under Companies Act, 2013 (Corresponding Companies Act, 1956) as per the following table :

(Rs in Lacs)

Financial Year	Remuneration Paid	Eligible Remuneration as per Schedule XIII to the Companies Act, 1956 / Schedule V to the Companies Act, 2013	Excess Remuneration Paid
2012-13	488.46	384.28	104.18
2013-14	391.26	328.55	62.71
2014-15	153.50	120.00	33.50

Mr Rahul C Kirloskar is serving as Director since 1993 and Executive Chairman of the Company since 2012 and considering his role and responsibilities, important contributions over the past years in varied capacities for the growth of the Company and non-revision of the basic salary since his appointment as Executive Chairman as approved by the Members, your Directors are of the opinion that the waiver of recovery of excess remuneration paid to the Executive Chairman, is justified and in the best interest of the Company.

The Consent of the members for waiver of excess remuneration will enable the Company to comply with the applicable provisions of the Companies Act in this regard.

Therefore, the Board recommends the above resolution to the members.

Mr Rahul C Kirloskar is interested to the extent of remuneration payable to him. Mr Atul C Kirloskar, Director of the Company being the brother is related to each other and hence may be deemed to be interested.

None of the Directors or Key Managerial Personnel other than Mr Rahul C Kirloskar and Mr Atul C Kirloskar are concerned or interested, financial or otherwise, in the aforesaid resolution.

By order of the Board of Directors
For Kirloskar Pneumatic Co. Ltd.

Jitendra R Shah
Company Secretary

Place : Pune
Date : April 27, 2016

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Pune 411013
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