

KIRLOSKAR PNEUMATIC COMPANY LIMITED
POLICY ON MATERIAL SUBSIDIARIES

1. INTRODUCTION

²The Board of Directors (the “Board”) of Kirloskar Pneumatic Company Limited (the “Company”) has adopted this policy with regard to determination of Material Subsidiaries In accordance with Regulation (16 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) and amendments thereof.

2. POLICY OBJECTIVE

This is to determine the Material Subsidiaries of KPCL and to provide the governance framework for such subsidiaries.²

3. DEFINITIONS

- a. **“Board of Directors”** or “Board” means the Board of Directors of the Company, as constituted from time to time.²
- b. **“Material Subsidiary”** shall mean a subsidiary, ⁴²whose turnover or net worth exceeds 10% of the consolidated turnover or net worth, respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.²
- c. **“Material Non-Listed Subsidiary”** means a material subsidiary company not listed on any Stock Exchange.²
- d. **“Subsidiary” or ‘Subsidiary companies’** shall have the same meaning as defined under the Companies Act, 2013 and the Rules made thereunder.²

4. BASIS OF DETERMINING MATERIAL SUBSIDIARY²

This policy lays down the basis of determining Material Subsidiaries of the Company and related issues as specified in the provisions of the Listing Regulations.

On the basis specified in point 3 (b) above, the Company will determine ‘Material Subsidiary’.

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

² - Inserted vide Resolution of the Board of Directors dated January 28, 2025.

5. GOVERNANCE FRAMEWORK FOR IMPLEMENTATION²

- a) At least one independent director on the Board of Directors of the Listed holding company will be appointed as a director on the Board of Directors of a material non-listed subsidiary company incorporated in India, as and when applicable.
- b) The Listed Company will not dispose shares in its material subsidiary which would reduce the Company's holding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting (except in cases where such divestment is made under a Scheme of Arrangement duly approved by the Court / Tribunal) [or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved].
- c) Prior approval of the shareholders of the Company by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during the financial year (except in case of sale / disposal / lease is made under a Scheme of Arrangement duly approved by the Court / Tribunal) [or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved or if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the listed Company].
- d) In the event subsidiary of the Company becomes a listed subsidiary which itself is a holding company, then this policy shall apply to the listed subsidiary in so far as its subsidiaries concerned.

6. Amendment

The ¹Executive 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

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

² - Inserted vide Resolution of the Board of Directors dated January 28, 2025.

Regulations or Listing ¹Regulations, 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

Rahul C. Kirloskar

Executive Chairman

Pune: 3rd November, 2014

Amended on October 27, 2015

Amended on January 28, 2025

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

² - Inserted vide Resolution of the Board of Directors dated January 28, 2025.