

DCS/AMAL/MA/24(f)/230/2014-15

December 03, 2014

The Company Secretary
KIRLOSKAR OIL ENGINES LTD.
Laxmanrao Kirloskar Road,
Khadki, Pune-411003,
Maharashtra.

Dear Sir / Madam,

Sub: Observation letter regarding the Scheme of Arrangement Between Kirloskar Brothers Investments Ltd. & Pneumatic Holdings Ltd. & Kirloskar Oil Engines Ltd.

We are in receipt of Scheme of Arrangement of Kirloskar Brothers Investments Ltd. & Pneumatic Holdings Ltd. & Kirloskar Oil Engines Ltd.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated December 02, 2014, given the following comment(s) on the draft scheme of arrangement:

- ***The company shall make necessary amendment in sub clause 33.4 of the draft scheme of the draft scheme of arrangement to give effect to submission made vide email dated October 20, 2014 regarding voting by public shareholders of KBIL and KOEL through postal ballot and e-voting.***
- ***Company shall duly comply with various provisions of the Circulars.***

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further, you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Status of compliance with the Observation Letter/s of the stock exchanges;
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,



Nitin Pujari
Manager



Lalit Phatak
Asst. Manager