Annual Report
2024-25

Kirloskar Pneumatic

limitless

Kirloskar Pneumatic Company Limited
A Kirloskar Group Company

About the report

We are pleased to present our Annual Report which includes voluntary information to the extent available to us, in accordance with reporting framework developed and designed by International Integrated Reporting Council (IIRC). This report is primarily intended to address the information requirements of investors (our equity and prospective investors). Our endeavour is to present this information in a manner that is also relevant to all the key stakeholders.

Scope and boundary

This report provides comprehensive information about the business activities of Kirloskar Pneumatic Company Limited (KPCL), suitably communicated through the six capitals as per the guidelines defined by the IIRC. The document encapsulates our business model, overarching performance and corresponding results. It's important to note that the financial capital parameters discussed in this report pertain to KPCL's standalone and consolidated operations.

Reporting period

The major reporting period for the Annual Report is 1st April, 2024 to 31st March, 2025. However, certain portions of the report provide facts and numbers from prior years in order to give readers a complete picture.

Assurance for financial statements

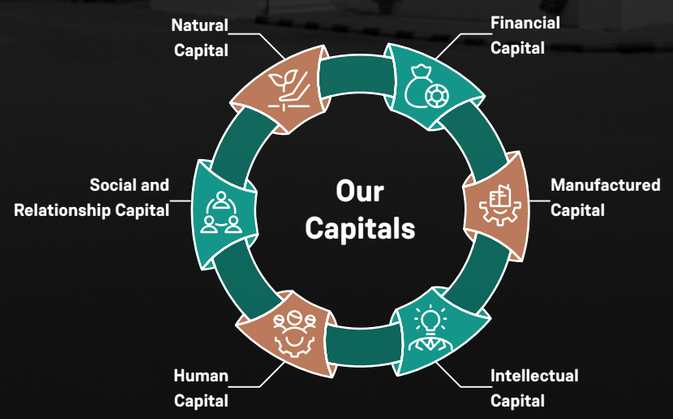
To ensure the integrity of facts and information, the financial statements are audited by Kirtane & Pandit LLP, Chartered Accountants and the 'Independent Auditor's Reports' have been duly incorporated as part of this report.

Stakeholders feedback

Stakeholders' constructive participation and feedback are welcomed and appreciated. Please send us your feedback to:
Email: sec@kirloskar.com
Website: www.kirloskarpneumatic.com

Forward-looking statements

This report contains forward looking statements that describe our expectations, based on reasonable assumptions and past performance. These are subject to change in light of developments in the industry, geographical market conditions, government regulations, laws and other incidental factors. These statements must not be used as a guarantee of our future performance, as the underlying assumptions could change materially.



This report also aligns with

- **The Companies** Act, 2013
- **Indian** Accounting Standards
- **The Securities and Exchange Board of India** (Listing Obligations and Disclosure Requirements) Regulations, 2015

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For more information, please, visit our website:
https://www.kirloskarpneumatic.com/

As society changes and progresses, we at Kirloskar keep pace by continually evolving. Our philosophy, the foundation of our organisation for over 136 years, is rooted in the progress of humanity. We encourage our customers to boldly embrace the future by breaking free from convention and realising their limitless potential.

limitless

Guided by our core values, we pursue a vision that propels us towards a future brimming with endless possibilities. With innovation as our driving force, we engineer solutions for tomorrow, always keeping the overarching objective of human progress at the forefront. We strive to look beyond challenges and envision the vast potential that the future holds.

At Kirloskar, being limitless also means staying firmly committed to the values we live by: Innovative Thinking, Empathy, Collaboration, Integrity, Excellence and Value Creation. By designing ground-breaking solutions, we create avenues for innovative services that solve real-world problems, generate value for our customers and society and aim to exceed expectations.

We operate with empathy and a deep commitment to moving forward together with our customers and partners, because together, we are limitless.

Compression. Expansion. Growth.

From a compressed core to the Big Bang that occurred billions of years ago, the universe is on a continuous voyage of expansion and growth.

A similar story is unfolding at Kirloskar Pneumatic. Our corporate journey reflects the limitless expansion of the universe. It shows that positive pressure paves the way for a future of boundless possibilities.

At Kirloskar Pneumatic, we are rapidly expanding with multiple facilities, a diverse range of products and a strong global footprint. Since the beginning of our journey, our success has been guided by 'KPCL Laws of Growth'—strategic principles that serve as our North Star, continually driving us forward.

These principles espouse our commitment to innovation, manufacturing excellence, cost competitiveness and sustainable growth. By focusing on compressors, refrigeration and gas compression systems, we ensure that our customers benefit from cutting-edge solutions that deliver performance, efficiency and environmental responsibility.

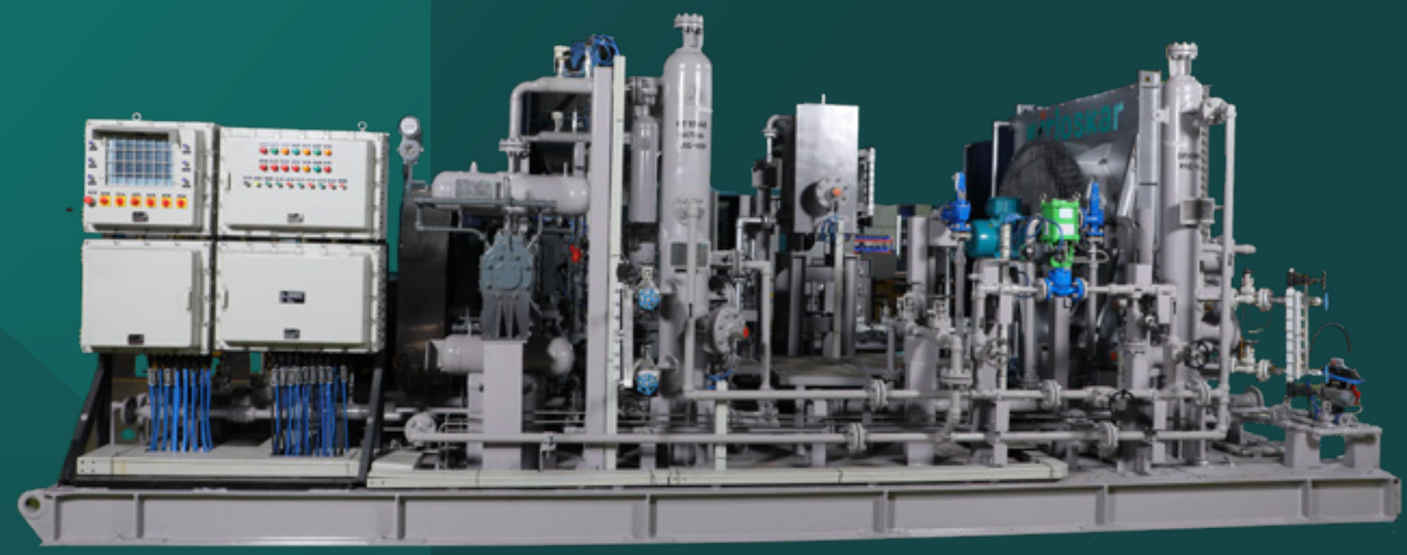
Born in India. For the world with limitless possibilities. That is the essence of KPCL.

We celebrate indigenous engineering, research and development. From air compressors to our innovative refrigeration systems, our entire spectrum of technological advancements is designed, developed and manufactured in India.

Our in-house R&D and manufacturing capabilities reinforce our mission to deliver best-in-class solutions that contribute to a sustainable future. As we look ahead with optimism, we remain dedicated to amplifying value for our customers, fostering innovation and leading the charge in green energy investments.

Our approach, grounded in digital transformation and design thinking, ensures that we stay at the forefront of industrial evolution. At the same time, our focus on societal benefits reinforces our role as an enterprise dedicated to holistic value creation.

Through our resolute commitment to growth, innovation and sustainability, KPCL is committed to expanding - much like our universe — driven by the ethos of Compression, Expansion and Growth. Our journey is boundless and as we continue to evolve, we carry forward the legacy of engineering excellence that defines us.



Corporate information

Board of Directors

Mr Rahul C Kirloskar
Executive Chairman

Mr K Srinivasan
Managing Director

Mr Atul C Kirloskar

Dr Ajay Dua

Mrs Nalini Venkatesh

Mr Tejas Deshpande

Mr Pravir Kumar Vohra

Mr Bimal Tanna
(wef 22nd July, 2024)

Mr Deepak Bagla
(wef 22nd July, 2024)

Ms Varsha Purandare
(wef 24th April, 2025)

Mr Sunil Shah Singh
(upto 22nd July, 2024)

Mr G Krishna Rao
(upto 22nd July, 2024)

Mr Mahesh Chhabria
(upto 30th March, 2025)

Chief Financial Officer

Mr Ramesh V Birajdar

Company Secretary

Mr Jitendra R Shah

Registered Office

Hadapsar Industrial Estate,
Pune 411 013
Ph. No. 020-26727000
Email: sec@kirloskar.com
www.kirloskarpneumatic.com
CIN L29120PN1974PLC110307

Auditors

Kirtane & Pandit LLP,
Chartered Accountants

Secretarial Auditors

M/s SVD & Associates,
Company Secretaries

Corporate Office

One Avante, Level 3, Karve Road,
Kothrud, Pune - 411038
Ph. No. 020-69065025

Bankers

Bank of India
ICICI Bank Limited
HDFC Bank Limited
Axis Bank Limited

Registrar snd Share Transfer

MUFG Intime India Private Limited
(Formerly Link Intime India Private Limited)
Block No. 202, 2nd Floor, 'Akshay' Complex,
Near Ganesh Temple, Off Dhole Patil Road,
Pune-411 001
Ph. Nos. 020-46014473 / 26163503 / 26161629

Financials at a glance

₹ in Million

Particulars	Ind AS								Indian GAAP	
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Revenue from Operations	**16,286**	13,226	12,393	10,212	8,233	8,291	7,103	6,065*	5,533*	5,089
Profit Before Tax	**2,807**	1,779	1,433	1,141	839	720	802	727	714	517
Profit After Tax	**2,111**	1,333	1,086	849	638	535	553	499	538	364
Dividend (%)#	**500**	325	275	200	175	135	125	120	100	70
Dividend Per Share (₹)	**10.0**	6.50	5.50	4.00	3.50	2.70	2.50	12.00	10.00	7.00
Earning Per Share (₹)#	**32.56**	20.60	16.82	13.19	9.94	8.33	8.60	38.88	41.87	28.32
Book Value Per Share (₹)#	**168.90**	142.75	123.00	102.17	91.59	77.02	76.90	359.38	331.48	250.34
Share Capital	**130**	129	129	129	129	128	128	128	128	128
Reserves and Surplus	**10,831**	9,117	7,822	6,456	5,758	4,818	4,810	4,487	4,129	3,087
Shareholders' Funds	**10,961**	9,246	7,952	6,585	5,886	4,946	4,938	4,616	4,258	3,215
Loan Funds	**-**	-	-	-	400	278	5	7	-	-
Total Capital Employed	**10,961**	9,246	7,952	6,585	6,286	5,224	4,944	4,623	4,258	3,215
Net Block	**2,906**	2,319	2,234	2,294	1,750	2,067	1,218	748	794	817

Notes:

1. The Company transitioned into Ind AS from 1st April, 2016.
2. *Sales include excise duty of ₹ 59 Million collected from Customers upto 30th June, 2017 i.e. till the date of implementation of GST (Previous year ₹ 388 Million for full year). Sales net of excise duty is ₹ 6,005.40 Million. (Previous year ₹ 5,145.05 Million).
3. #The equity shares of the Company were sub-divided from ₹ 10/- per share to ₹ 2/- per share w.e.f. 27th September, 2018.
4. The figures pertaining to Dividend % , Dividend per Share, Earning per Share and Book Value per Share for the years from 2018-19 to 2024-25 are on the basis of ₹ 2/- per equity share.

Padma Bhushan

Late Shri Shantanurao Laxmanrao Kirloskar

About Kirloskar Group

Engineering progress to empower generations

The Kirloskar Group has built a rich legacy of innovation and industrial progress over the past 136 years. In 1888, while many looked to the past, one visionary looked ahead. Starting with a humble bicycle shop and later creating India's first iron plough, he laid the foundation for the nation's industrial development. Today, the Group is well recognised for its leadership in castings, Internal combustion engines, diesel engines, backup power solutions, pneumatic systems and cooling solutions, serving a wide range of industries.

The Group operates across diverse sectors such as Hospitality, IT/ITES, agriculture, manufacturing, food and beverage, oil and gas, infrastructure and real estate. Its growth and resilience stem from the strong values that form the foundation of each of its enterprises.

The Group's journey began when Shri Laxmanrao Kirloskar, our founder, set up a small bicycle repair shop in Belgaum, Karnataka. This later evolved into a machine tool workshop, where he developed iron ploughs and chaff cutters—early examples of engineering advances that would define the Group's path. His son, Shri Shantanurao Laxmanrao Kirloskar, carried this legacy forward with visionary leadership, transforming the Kirloskar Group into one of India's most respected industrial powerhouses. Under his guidance, the Group expanded into new sectors and global markets, reinforcing its stature on the world stage.

Today, Shri Laxmanrao Kirloskar is remembered both as a pioneer of Indian industry and a reformer with a vision to improve lives. His entrepreneurial spirit continues to create opportunities for thousands of individuals across India and benefits millions more through the Group's diverse global operations.

Kirloskar Group Companies

Kirloskar Pneumatic Company Limited (KPCL)

Compressors and Compression systems

Kirloskar Oil Engines Limited (KOEL)

Internal Combustion Engines, Gensets, Farm mechanisation, Pumps and Electric Motors

Kirloskar Ferrous Industries Limited (KFIL)

Pig Iron, Iron Castings, Steel, Seamless Pipes and Value-Added Products

Kirloskar Industries Limited (KIL) and Avante Spaces Limited

Unregistered Core Investment Company, Real Estate

Kirloskar Chillers Private Limited

Chillers

ARKA Fincap Limited

Non-Banking Financial Company

Our Exciting Story in Numbers

136+
Years of Excellence

₹ 90,441 Mn
Combined Shareholders Funds*

7,000+
Total Group Employees**

₹ 3,46,565 Mn
Combined Market Capitalisation***

4
Listed Companies

* For listed companies including Kirloskar Ferrous Industries Ltd., Kirloskar Industries Ltd., Kirloskar Oil Engines Ltd., Kirloskar Pneumatic Company Ltd.
**Employees on payroll.
***Market cap based on closing market price of 30th May, 2025.

By continually evolving, along with expanding our footprint and elevating our offerings, we are raising the bar for ourselves and the entire industry as a whole.

Know us better

Designing and delivering bespoke solutions worldwide

Kirloskar Pneumatic Company Limited (KPCL) is a trusted name in industrial pneumatic equipment, providing air, refrigeration and gas compressors to a wide range of industries. Our focus has always remained on designing and delivering bespoke solutions tailored precisely to our customers' requirements. With a significant portion of our business dedicated to made-to-order systems, we ensure that each project receives the attention and customisation it deserves.

Our customer-centric approach has been the driving force behind our sustained global growth. Over the decades, we have been able to strengthen our R&D initiatives, along with our in innovation, design and manufacturing to match evolving global standards. The result has been growing exports in multiple geographies.

By integrating advanced technologies into our operations, we strive to stay ahead of industry trends. Backed by our strong team of 200+ skilled engineers, we ensure our products consistently meet the required quality standards, thereby reinforcing customer trust and enhancing brand loyalty.

Inspired by our Vision

Sustainable Global Growth

We are build on

Speed | Quality

Knowledge management | **P**eople and rocesses | **C**ustomer are | **L**asting partnership

Committed to our Mission

We will demonstrate an edge to all our stakeholders in our offerings for converting / transmitting energy.

We will strive to make our Company an employer of choice.

Underpinned by Core Values

Excellence
In everything we do, quality without compromise

Integrity
Say what we do and do what we say

Collaboration
We grow with people and partners

Empathy
Towards all stakeholders. We always listen and learn

Value creation
Towards all stakeholders. We are building a for a shared prosperous future

Innovative thinking
Be bold and brave and stay relevant

Key Highlights

67
Years of legacy*

*Erstwhile KPCL founded in 1958 and merged with KG Khosla Compressors Limited in 2002 and then name of the Company changed to KPCL

3
Manufacturing facilities

853
Permanent Employees

₹ 81,127 Mn
Market Capitalisation as on May 30, 2025

Advantage KPCL

- Comprehensive testing and quality assurance
- In-house technology and expertise
- Sustainable practices and global reach
- Providing customer-centric solutions
- Heat treatment facility
- Advanced manufacturing capabilities

Setting Industry Benchmarks

70% — India Market Share for Ammonia Refrigeration Compressors

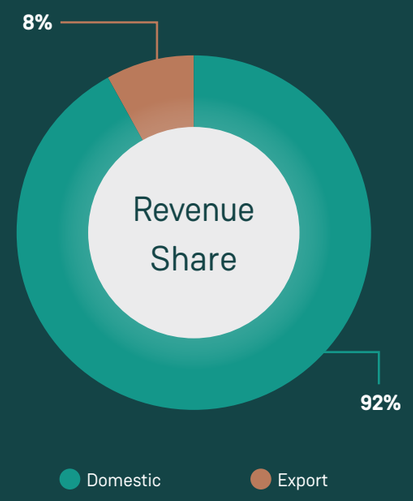
1st — Indian Company approved for Hydrocarbon Refrigeration Systems

1st — Patent on India's screw rotor profile

50% — Daily gas compressed at CNG stations in India is by KPCL CNG Packages

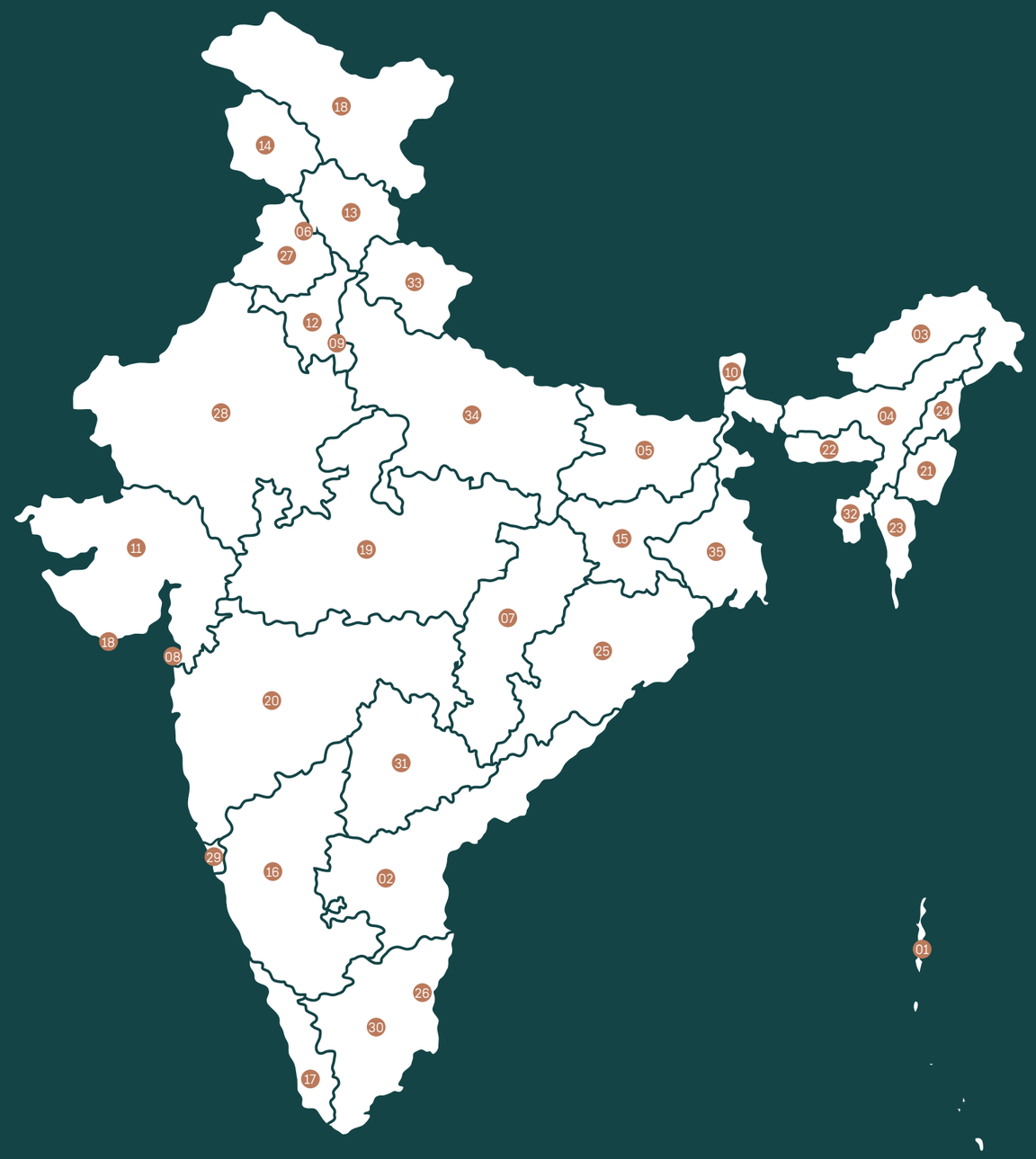
Strategically integrated dealer network across the nation

Present across
35
States and UT



KPCL has established a strong presence within India, with 92% of its revenue coming from the domestic market, while exports contribute the remaining 8%. While we continue to supply our products to over 34 countries, our core strength lies in serving diverse industries across India. Our focus on quality, innovation and customer-centric solutions has helped us build enduring partnerships within the country, while also laying the groundwork for gradual and strategic international expansion.

01 Andaman and Nicobar
02 Andhra Pradesh
03 Arunachal Pradesh
04 Assam
05 Bihar
06 Chandigarh
07 Chhattisgarh
08 Dadra and Nagar Haveli and Daman and Diu
09 Delhi
10 Goa
11 Gujarat
12 Haryana
13 Himachal Pradesh
14 Jammu and Kashmir
15 Jharkhand
16 Karnataka
17 Kerala
18 Ladakh
19 Madhya Pradesh
20 Maharashtra
21 Manipur
22 Meghalaya
23 Mizoram
24 Nagaland
25 Odisha
26 Puducherry
27 Punjab
28 Rajasthan
29 Sikkim
30 Tamil Nadu
31 Telangana
32 Tripura
33 Uttarakhand
34 Uttar Pradesh
35 West Bengal



An innovative portfolio of sustainable solutions

At KPCL, we develop innovative and sustainable solutions to meet our clients' varied needs. Supported by a skilled team and robust operations and driven by a commitment to quality, we deliver products for a wide range of industries, including those requiring advanced engineering expertise.

Performance across segments

Years	Compression	%	Other	%
FY 2020-21	7,853	95	380	5
FY 2021-22	9,609	94	602	6
FY 2022-23	11,569	93	824	7
FY 2023-24	12,300	93	927	7
FY 2024-25	**15,288**	**94**	**999**	**6**

Compression has multiple applications

We manufacture a wide range of compression solutions for various applications, from basic air compressors to those handling refrigerants, natural gas and hydrocarbons, along with customised package solutions for oxygen plants, submarine climate control and LPG bottling.

94%

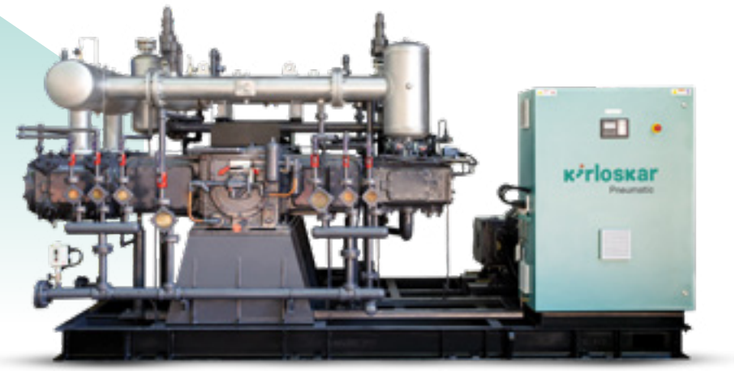
Revenue generated from compressors and compression systems

Our offerings

Air Compressors

Reciprocating Air Compressors

These compressors are known for their durability and top-tier performance, making them ideal for general industrial applications. They serve a wide range of sectors, including refineries, chemical, petrochemical and power industries.



Screw Air Compressors

Our screw air compressors are designed for energy efficiency and minimal maintenance, making them a preferred choice across industries such as sugar, automotive components, railways, mining and cement.

Centrifugal Air Compressors

Engineered for high-capacity and continuous operation, our centrifugal air compressors handle volumes from 1,600 to 9,200 CFM, with options available up to 14,000 CFM. These are well-suited for industries that demand robust and dependable performance.

Air Conditioning and Refrigeration

Reciprocating Compressors

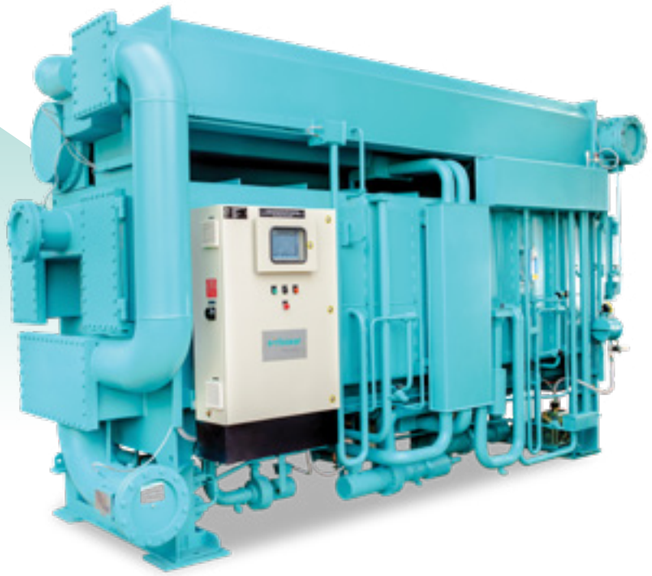
Our reciprocating compressors are renowned for their efficiency and dependability, making them well-suited for cold chain logistics and a range of industrial applications. These are widely utilised in sectors such as food processing, preservation, refineries, petrochemicals, fertilizers, chemicals and marine industries.

Refrigeration Systems

We provide robust, customised refrigeration systems designed for refineries, petrochemical plants and other complex industrial processes. Our turnkey solutions span every stage, from planning and design to manufacturing, installation and commissioning.

Vapour Absorption Chillers

Our energy-efficient vapour absorption chillers deliver reliable process cooling and air conditioning, seamlessly integrating into various industrial environments to ensure superior performance and sustainability.



Process Gas Systems

CNG Packages

Our offerings include comprehensive CNG compression solutions suitable for a wide array of applications. These are designed to function efficiently across different pressure levels and gas types, ensuring dependable performance for upstream, midstream, downstream and distribution operations.

Gas Compression Systems

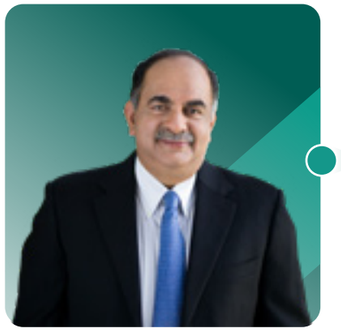
Our gas compression systems are specifically engineered for the oil and gas sector, providing packages that guarantee superior performance and reliability. With more than 1,000 installations globally, our systems are recognised for their efficiency, customised engineering and cost-effectiveness.

Transmission

Gears and Gearboxes

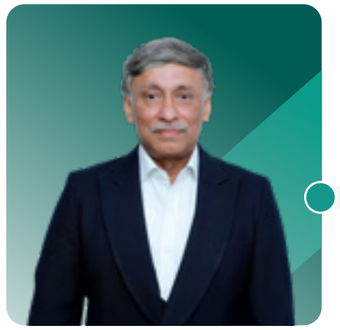
At KPCL, we have been at the forefront of manufacturing high-speed gearboxes for power generation and a variety of industrial applications. Our transmission solutions feature custom-designed gears and gearboxes tailored for sectors such as railways, power, steel, cement, marine and more. Supported by advanced manufacturing facilities, in-house heat treatment furnaces and specialised machinery, our gear products are recognised for their exceptional performance and reliability.

Board of directors



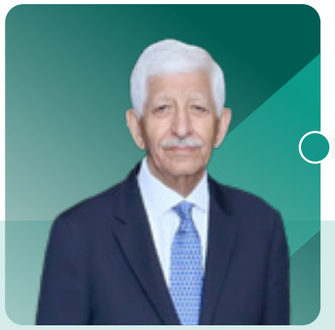
Rahul C Kirloskar
Executive Chairman

Atul C Kirloskar
Non-Executive
Non-Independent Director



K Srinivasan
Managing Director

Bimal Tanna
Independent Director



Ajay Kumar Dua
Independent Director

Pravir Kumar Vohra
Independent Director

Nalini Venkatesh
Independent Director

Tejas Deshpande
Independent Director

Varsha Purandare
Independent Director

Deepak Bagla
Independent Director

Leadership team

1 **Sanjay Grover**
Vice President -IBD

2 **Jitendra Shah**
Company Secretary and Head Legal

3 **Ramesh Birajdar**
Vice President-Finance and CFO

4 **K Srinivasan**
Managing Director

5 **Deepak Lokras**
President

6 **Rahul C Kirloskar**
Executive Chairman

7 **Aman Kirloskar**
Vice President-ACR

8 **Ganesh Chaudhari**
Associate Vice President HR

9 **Vijaykumar Nudurumati**
Business Head Defence and new products

For the current year,our performance has been encouraging across segments. We are in a sweet spot of growth and expansion — our best-in-class products address the growing market segments such as dairy, pharma, chemicals and more. With in-house manufacturing capacity continuously being added, we are successfully reducing costs and shortening delivery timelines.

Our robust engineering capabilities enable us to develop customised solutions for a wide range of applications and industries, allowing us to meet the specific requirements of our diverse customer base.

Chairman's message

> Innovation continues to be central to our strategy. With more than 40 intellectual property filings every year, we are building a knowledge ecosystem that strengthens our independence and product leadership. This is not accidental—it's the outcome of a structured innovation process that allows us to anticipate needs, build original solutions and bring them to market swiftly.

Dear Shareholders,

It gives me immense pleasure to present the performance of Kirloskar Pneumatic Company Limited for the financial year 2024–25. This has been a year of solid execution, disciplined growth and meaningful progress in advancing our long-term strategy. As we reflect on the year gone by, we take pride in the direction we are heading, becoming a stronger, more competitive and more future-ready enterprise.

What began decades ago as a focused, single-product operation has since evolved into a multi-product, multi-location business with an expanding presence across sectors and markets. Our progress has been driven by consistent investments in technology, people and manufacturing capabilities—all grounded in a clear strategic vision and deep domain expertise.

This past year, that disciplined approach translated into strong financial results. We closed FY 2025 with the highest-ever sales in the company's history—₹1,629 Crore, reflecting growth of 23% over the previous year. Our EBITDA stood at ₹313 Crore, margins expanding to 19.0%, up from 16.5% last year. Net profit for the year reached ₹211 Crore. KPCL continues to maintain a zero-debt position, a testament to robust capital management and continued focus on operational efficiency.

During the year, KPCL signed a Share Purchase and Shareholders' Agreement to acquire 55.26% stake in Systems & Components (India) Private Limited—an established player in refrigeration packages for the pharmaceutical, chemical and dairy sectors. This strategic acquisition strengthens our footprint in the refrigeration and chiller packaging space and significantly expands our addressable market. It marks a decisive step toward reinforcing our leadership in the refrigeration domain and enhancing our capabilities to serve complex industrial applications.

We choose to grow with focus. Gas remain our core. And within this core, we've built one of the most comprehensive product portfolios in the industry—from centrifugal and reciprocating compressors to screw and semi-hermetic models, each engineered to deliver value across diverse customer applications.

Our differentiation lies not just in what we offer, but in how we offer it. Over 80% of our business is built to order. With a team of more than 200 engineers and robust capabilities in design, simulation and systems integration, we provide custom-engineered solutions that address specific operational requirements with precision and reliability.

Innovation continues to be central to our strategy. With more than 40 intellectual property filings every year, we are building a knowledge ecosystem that strengthens our independence and product leadership. This is not accidental—it's the outcome of a structured innovation process that allows us to anticipate needs, build original solutions and bring them to market market swiftly.

One of our biggest competitive advantages lies in our ability to control the value chain. While much of the industry has shifted towards outsourced manufacturing, we have chosen to retain deep in-house capabilities—from forging and casting to precision machining and assembly. Operating from three well-integrated facilities in Hadapsar, Saswad and Nashik, all within a 200-kilometer radius, gives us unmatched control over quality, lead times and cost.

Sustainability remains integral to our growth story. We now operate with a total renewable energy capacity of 1.78 MW (AC), significantly reducing our dependence on conventional power and lowering our carbon footprint. Our facilities are also deeply aligned with circular economy principles—minimising waste, reusing materials and extending product lifecycles through smart design. Water conservation also remains a core priority. We have implemented multiple initiatives aimed at reducing consumption, enhancing recycling and restoring groundwater levels across our plants.

Our operational backbone is increasingly enhanced by technology. Our products are built to be smart—enabling customers to monitor, operate and maintain them with greater ease. Internally, we are aligning our plants and business functions through digital integration, bringing agility, consistency and speed in execution.

At the heart of it all is our people. I am proud to say that KPCL has earned the CII HR Excellence Award for the sixth consecutive year, with one of the highest scores in the industry. Low attrition, strong leadership development and a vibrant learning culture make us a preferred destination for talent, especially for seeking to build a career in high-impact industrial innovation.

In order to commemorate the 50th Annual General Meeting of the Company, the Board of Directors has proposed a total dividend of 500% for the fiscal year. This includes a final dividend of 325% (₹6.50 per share), in addition to the interim dividend of 175% (₹3.50 per share). This marks the highest dividend payout in the Company's history and reflects our strong performance and commitment to delivering value to our shareholders.

As we look ahead, we do so with quiet confidence. The foundations are strong. The strategy is clear. The momentum we have built gives us every reason to believe that the best is yet to come.

Thank you for your continued trust and support.

Warm regards,

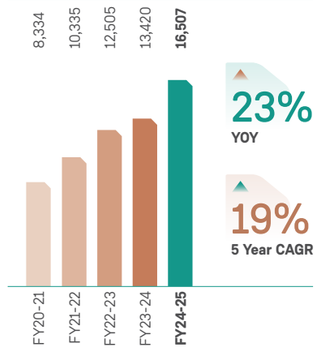
Rahul C Kirloskar
Executive Chairman
Kirloskar Pneumatic Company Limited

A closer look at our financial performance

Our diversified business model has enabled us to achieve strong topline and bottomline growth, especially in the domestic markets with notable contribution from food, pharmaceutical, fertiliser, chemicals and selected general engineering sectors. We have also made notable progress in optimising net working capital and robust free cash flow generation has further strengthened our ability to create long-term value for our stakeholders.

Total Income

(₹ Mn)

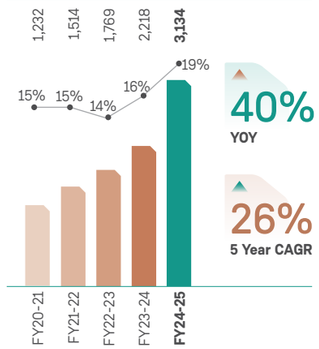


23% YOY

19% 5 Year CAGR

EBITDA / EBITDA Margin

(₹ Mn) / (%)

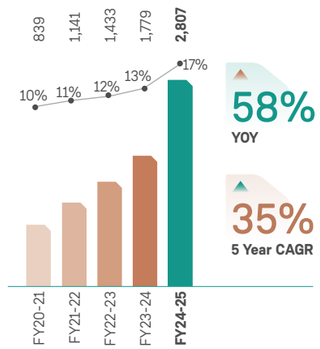


40% YOY

26% 5 Year CAGR

PBT / PBT Margin

(₹ Mn) / (%)

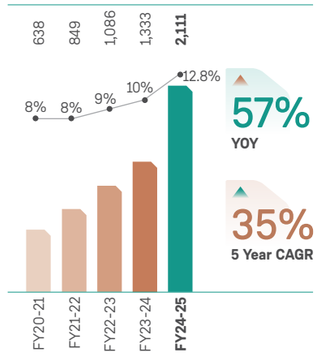


58% YOY

35% 5 Year CAGR

PAT / PAT Margin

(₹ Mn) / (%)

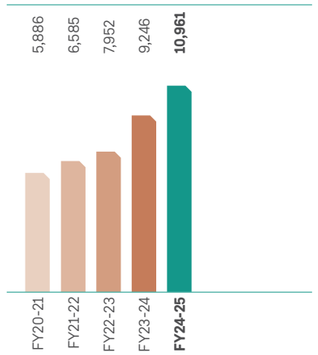


57% YOY

35% 5 Year CAGR

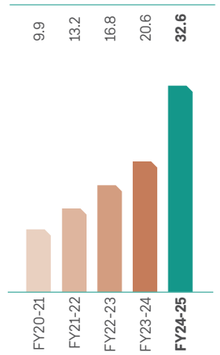
Shareholders Funds

(₹ Mn)



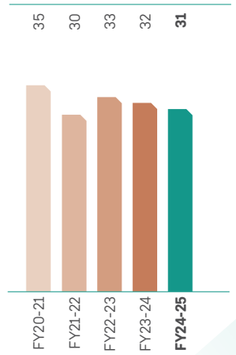
EPS

(₹) per share



Dividend pay-out

(%)



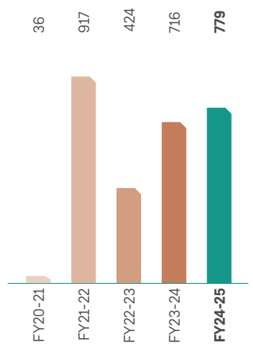
A deep dive into our operational performance

With our healthy order book at the start of the fiscal year 2025, we significantly improved our execution cycles and a favourable shift in our sales mix ensured sufficient order backlog to support our growth. We placed a strong emphasis on innovation and our new product line, which includes Tezcatlipoca centrifugal compressors Khione screw compressors, Calana boosters, Jarilo biogas compressors and Aria low-cost air compressors has gained strong traction in the market.

Our intellectual properly was further strengthened with 41 filings during the year. We have also set a new production record by manufacturing 3,500+ compressors in FY 2025.

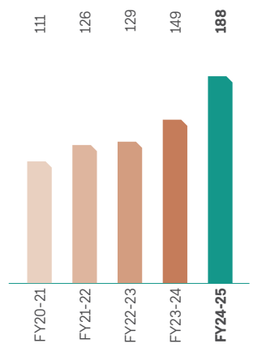
Capital expenditure

(₹ Mn)



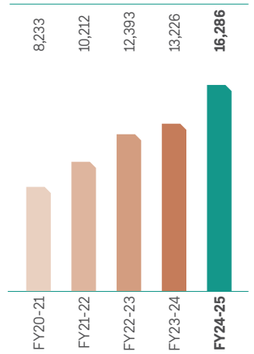
R&D expenditure

(₹ Mn)



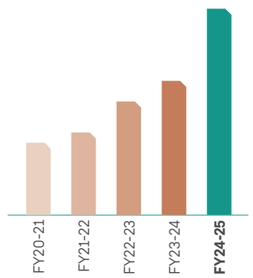
Revenue from Operations

(₹ Mn)



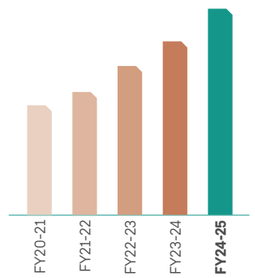
Dividend

(%)

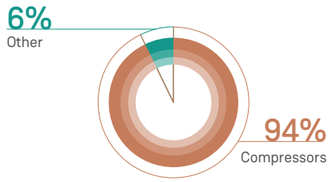


Reserves and Surplus

(₹ Mn)



Segment Wise Revenue breakup



Dedicated to serving the planet and people

Climate change has been globally recognised as one of the biggest threats facing humanity in the 21st century. Nations, businesses and common citizens can together help make a difference.

At KPCL, we have strengthened our environmental stewardship by installing renewable energy sources across all our manufacturing plants to significantly reduce our energy footprint.

We have also expanded our training programmes to build future-ready skills and ensure adaptability in changing market conditions. In parallel, we remain committed to supporting local communities through targeted initiatives that address their specific developmental needs.

Energy Consumption

Energy intensity per rupee turnover adjusted for Purchasing Power Parity ('PPP')

(Total energy consumption / Revenue from operations adjusted for PPP) (GJ/Crore ₹ adjusted for PPP)

Total Scope 1 and Scope 2 emission intensity per rupee turnover adjusted for PPP

(Total Scope 1 and Scope 2 GHG emission / Revenue from operations adjusted for PPP) (Metric tonnes of CO2e /Crore ₹ adjusted for PPP)

Water intensity per rupee turnover adjusted for PPP

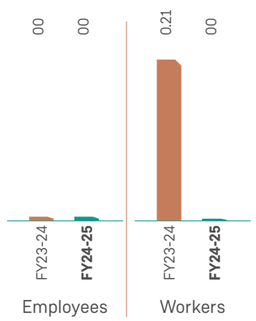
(Total water consumption / Revenue from operations adjusted for PPP) (kilolitres/ Crore ₹ adjusted for PPP)

Waste intensity per rupee turnover adjusted for PPP

(Total waste generated / Revenue from operations adjusted for PPP) (Metric tonnes of waste generated / Crore ₹ adjusted for PPP)

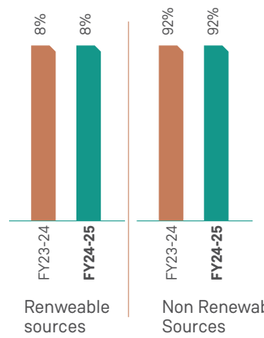
Lost Time Injury Frequency Rate

(per million-person hrs worked)



Electricity from Renewable sources

(in %)



H&S Trainning

Health and Safety training coverage

(% of total employees)

Wins and development FY 2025

Quarter 01

Scaled up in-house forging and fabrication operations at the Nashik facility, resulting in improved throughput and margins

Maintained a debt-free position, with no term or working capital borrowings.

Received healthy inquiry flow and new orders for recently launched products, including Tezcatlipoca Centrifugal Compressors and Aria Standard Screw Compressors.

Entered into a Memorandum of Understanding to acquire a majority stake (over 51%) in Systems & Components (India) Private Limited, a supplier of refrigeration packages for the pharmaceutical, chemical and food sectors, aimed at strengthening presence in the segment.

₹ 2,797 Mn	₹ 437 Mn	₹ 359 Mn	₹ 269 Mn
Total Income	EBIDTA	PBT	PAT

Quarter 02

Introduced two new products-- Jarilo (Bio-gas Compressor) and KES Controller Simulator for compressor function testing.

Entered into a shareholders' agreement to acquire a 55.26% stake in Systems & Components (India) Private Limited in October, 2025.

Strategic partnership with PDC Inc. (USA) facilitated entry into hydrogen and complex gas compressor solutions; robust order pipeline expected in ensuing quarters.

₹ 4,368Mn	₹ 997 Mn	₹ 919 Mn	₹ 675 Mn
Total Income	EBIDTA	PBT	PAT

Quarter 03

Completed acquisition of a 55.26% equity stake in Systems & Components (India) Private Limited, augmenting capabilities in process refrigeration.

Commenced execution of the first combined KPCL–PDC diaphragm compressor package for a project in Southern India, targeted for completion in Q1 FY 2026.

Entered into an exclusive sales arrangement with UMPESL (a subsidiary of Voltas) to supply Tezcatlipoca Centrifugal Compressors and other solutions to the textile sector.

Initiated investments in deep tech, artificial intelligence and robotics to enhance engineering proficiency and solution offerings.

Continued capacity-building efforts at Nashik and Saswad contributing to efficiency and cost optimisation.

₹ 3,460 Mn	₹ 545 Mn	₹ 481 Mn	₹ 360 Mn
Total Income	EBIDTA	PBT	PAT

Quarter 04

Filed and secured in aggregate, a record 43 IP rights during the year, reaffirming focus on product innovation.

Commissioned new manufacturing lines for the Tyche range of semi-hermetic compressors and Lost Foam Casting (LFC) processes at Saswad and Nashik.

Approved a final dividend of 500% for FY 2025 – the highest in the company's history.

During the year, the Company allotted 124,300 equity shares under the employee stock option scheme; paid-up share capital increased to ₹129.79 Mn.

₹ 5,882 Mn	₹ 1,155 Mn	₹ 1,047 Mn	₹ 807 Mn
Total Income	EBIDTA	PBT	PAT

Awards and accolades

Our value creation model focuses on amplifying customer engagement, enhancing recall and building stakeholder reputation in an increasingly demanding operating landscape.

Value creation model driving expansion and growth

Inputs

Financial Capital
- **₹ 130 Mn** - Equity Capital
- **₹ 16,133 Mn** - Total assets
- **Debt-free** Company

Manufacturing capital
- **3** - Manufacturing locations
- **1** - Manufacturing location of Subsidiary

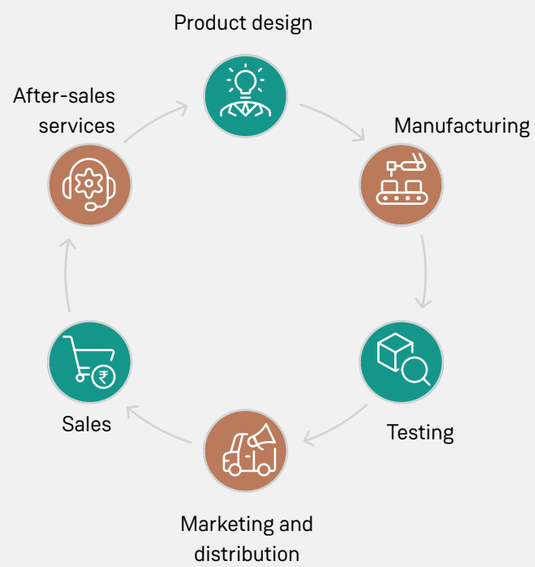
Intellectual capital
- **₹ 188 Mn** - Investment in R&D
- **200+** - Engineers team strength

Human capital
- **853** - Total permanent employees and workers
- **₹ 6.8 Mn** -Investment towards learning and development
- **₹ 94.83 Mn** -Investment towards employee well-being initiatives

Social and relationship capital
- **₹ 28 Mn**- CSR spend
- **197** - Dealer footprint

Natural Capital
- **7,509 MT**- Raw material consumed (Steel, Aluminium and Sand)
- **17,070 mWh** - Energy utilised
- **69,185 KL** - Water utilised
- **54 KL** - Oil utilised
- **65,223 KL** - CFT wood utilised

Value creation process



What we offer

Air Compressors

Process Gas Systems

Transmission

Air Conditioning and Refrigeration Systems

Outputs

Financial Capital
- **23%** - Revenue growth
- **40%** - EBITDA growth
- **57%** - PAT growth

Manufacturing capital
- **3,500+** - Total Compressors manufactured
- **23%** - Increase in sales volume
- **80%** - Growth in export sales

Intellectual capital (filed and granted)
- **43** - Total IP's
- **10** - Patents
- **22** - Trade marks
- **11** - Designs

Human capital
- **12%** - Promotions from internal talent pool
- **43,200** - Man-hours of training conducted
- **5,044,112** - Safe man-hours

Social and relationship capital
- **90,000+** - Lives benefitted
- **95%** - CSR satisfaction score

Natural Capital
- **858 mWh** - Energy saved
- **9,873 KL** - Water recycled
- **1,307 mWh** - Renewable Energy
- **165 MT** - Steel recycled
- **5 MT** - Aluminium recycled
- **70 KL** - Oil recycled
- **3,546** - CFT Sand recycled
- **16,838** - CFT Wood recycled

Stakeholders

- Shareholders and Investors

- Customers and Dealers
- Suppliers

- Employees
- Customers and dealers

- Employees

- Shareholders and Investors
- Customers and Dealers
- Suppliers
- Employees
- Regulatory bodies and Government
- Communities

- Shareholders and Investors
- Communities

SDGs

Navigating a dynamic operating environment

We operate at the intersection of industrial infrastructure, energy transition and process engineering. The fiscal year 2025 was marked by resilient domestic demand, a shift in order mix favouring faster-executing equipment and selective global traction. These dynamics, along with internal execution and product innovations, have shaped a balanced and opportunity-rich operating landscape for the Company.

What is changing	What it means for us
Shift from package orders to equipment (~60:40 mix)	• Faster revenue conversion and better cash flow visibility • Reduces working capital lock-up and improves plant throughput • Shorter execution cycles
Increased domestic demand from food, dairy, pharma and fertiliser sectors	• Drives strong uptake for refrigeration compressors and turnkey cooling systems • Expands use of ammonia-based solutions in cold chain logistics • Creates recurring demand from temperature-sensitive sectors
Government push for clean energy and import substitution	• Validates investment in biogas (Jarilo) and hydrogen compression packages • Enhances competitiveness of domestic products like Tyche and Tezcatlipoca • Enables access to public sector procurement and PLI-linked buyers
Industrial shift towards energy efficiency and lifecycle performance	• Supports R&D focus on oil-free, low-maintenance electric compressors • Builds customer preference for KPCL's value-engineered solutions • Differentiates the portfolio in tender- and utility-driven markets
Cold chain infrastructure expansion and PLI-related private capex	• Unlocks new customer accounts in agriculture, pharma and chemical processing • Reinforces demand for integrated Khione refrigeration packages • Supports scalability through standardised yet modular offerings

Outlook

We enter FY 2026 with highest-ever opening order book of ₹1,624 Crore. A visible shift towards high-turnover, short-cycle orders is expected to aid in achieving our growth target for the year. Structural demand from food, pharma, dairy and infrastructure, coupled with in-house execution capabilities and an expanding portfolio of energy-efficient products, positions us well for sustained growth. While execution challenges persist in gas infrastructure projects, alternative vectors such as export-driven CNG packages and industrial refrigeration offer resilience.

Ensuring expansion and growth through potential risk mitigation

Our comprehensive Risk Management Policy is designed to ensure business continuity, even under challenging circumstances. This policy is a proactive approach in identifying, assessing, mitigating and reporting risks — allowing us to better manage the expectations of our stakeholders.

How the process works

- Risk identification
- Risk assessment and evaluation
- Risk acceptance
- Risk avoidance
- Risk mitigation
- Risk transfer

Financial Risk

Impact	Mitigation Measures	Priority	Capitals impacted
Fluctuating currency rates may lead to increased production costs and reduced profitability	Investments in currency hedging strategies Diversify revenue streams across different markets	Low	F

Sectoral Risk

Impact	Mitigation Measures	Priority	Capitals impacted
Intensified competition may result in loss of market share and reduced profit margins	Investments in R&D for innovative products Enhancing marketing and branding efforts	Medium	M, I, F

Sustainability Risk

Impact	Mitigation Measures	Priority	Capitals impacted
Neglecting or being unaware of evolving environmental regulations may cause legal repercussions, thereby increasing expenses and loss of market share and brand value	Implement sustainable practices throughout the production process Invest in clean technologies	Medium	F, M, S, N

Information and Cyber Security Risk

Impact	Mitigation Measures	Priority	Capitals impacted
Data breaches and security failures may lead to loss of customer trust and regulatory fines	Implement robust data security measures Regularly train employees on cyber hygiene practices	Low	F, S, I, N

Market Risk

Impact	Mitigation Measures	Priority	Capitals impacted
Rapid change in customer preferences may cause reduced demand for products	Conduct regular market research Develop products that cater to evolving customer needs	Medium	M

Capitals impacted

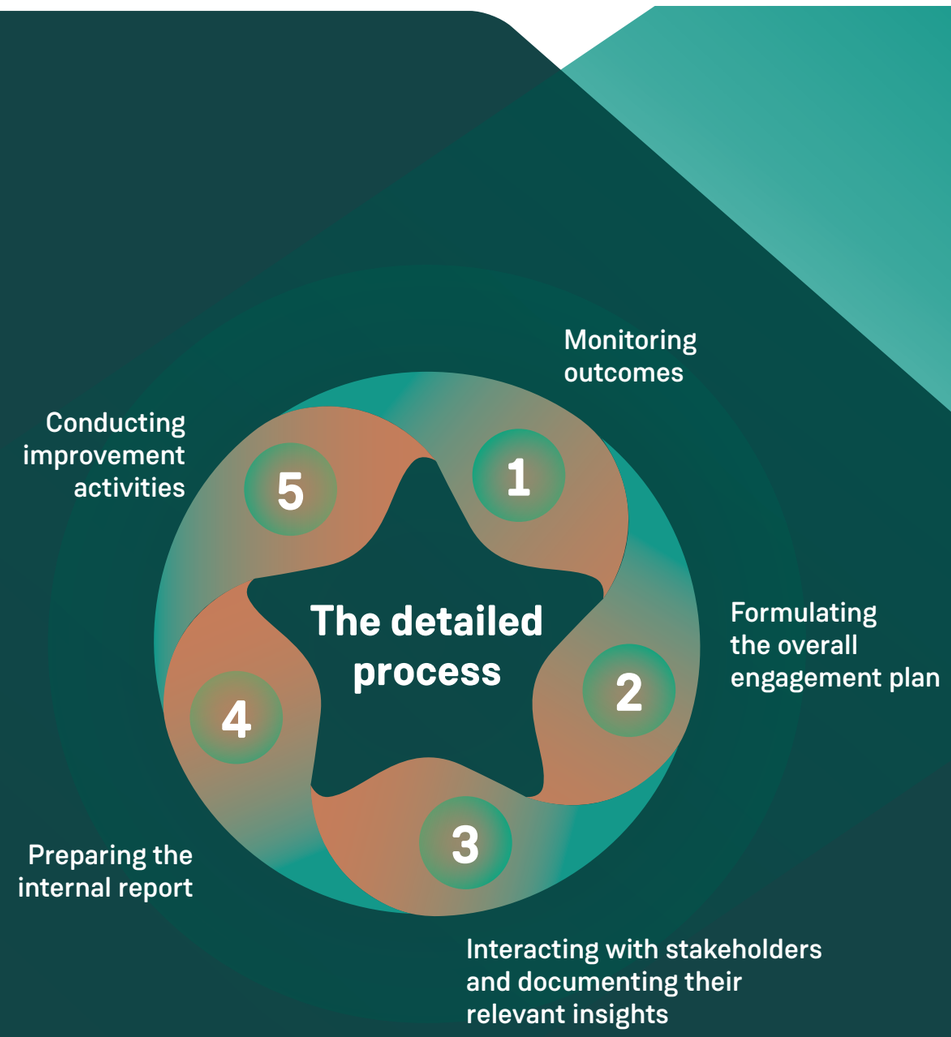
- F Financial
- M Manufactured
- I Intellectual
- H Human
- S Social and Relationship
- N Natural

Risk intensity

High, Medium, Low

Balancing stakeholder aspirations and business growth

Engaging with our expanding fraternity of stakeholders is essential for achieving business sustainability and creating long-term value. We believe that strong, ongoing communication and a clear understanding of stakeholder expectations are key to building lasting relationships. By listening to feedback and addressing concerns, we strive to balance stakeholder expectations with our business goals. As a responsible corporate citizen, we view our stakeholders as partners and are committed to an inclusive approach that supports mutual growth and success.



Employees

Human, Intellectual, Social and Relationship Capital

What they expect	How we engage	Frequency of engagement
Learning and growth opportunities Diversity and inclusion Safe and healthy workplace Recognition and wellbeing	Regular communication (weekly meetings, training programmes) Internal knowledge-sharing platforms Employee wellness initiatives Recognition programmes (awards and incentives) Diversity and inclusion workshops	Regular and need-based

Shareholders and Investors

Financial, Social and Relationship Capital

What they expect	How we engage	Frequency of engagement
Consistent financial returns Ethical business practices Risk management strategies Long-term financial sustainability	Annual general meetings, Quarterly earnings calls and investor presentations Investor Tab on the website Regular communication via email and media Transparency in financial reporting	Quarterly

Customers and Dealers

Social and Relationship Capital

What they expect	How we engage	Frequency of engagement
High-quality products Efficient after-sales service Competitive pricing Value for money Beneficial partnerships for growth	Customer relationship management (CRM) system Dedicated customer support team Regular customer surveys and feedback sessions Customer events and training programmes Online customer portal with product information and support tools	Need-based and as and when required

Suppliers

Manufactured and Social and Relationship Capital

What they expect	How we engage	Frequency of engagement
Long-term partnerships On-time payments Competitive pricing Fair trade practices	Regular supplier meetings and workshops Vendor satisfaction surveys Collaborations for innovation and cost reduction initiatives Joint participation in industry exhibitions	Need-based and as and when required

Communities

Natural and Social and Relationship Capital

What they expect	How we engage	Frequency of engagement
Job creation Skill development Education and healthcare initiatives Women empowerment Rural infrastructure development	Need-based CSR activities in partnership with NGOs Volunteer programmes for employee participation Community outreach programmes and awareness campaigns Regular communication through website and social media	Annual

Regulatory Bodies and Government

Financial and Social and Relationship Capital

What they expect	How we engage	Frequency of engagement
Compliance with laws and regulations Ethical business practices Strong governance framework Transparent reporting	Regular communication and compliance filings Participation in industry forums and consultations Open communication regarding environmental and social impact Proactive engagement on policy issues	Periodic

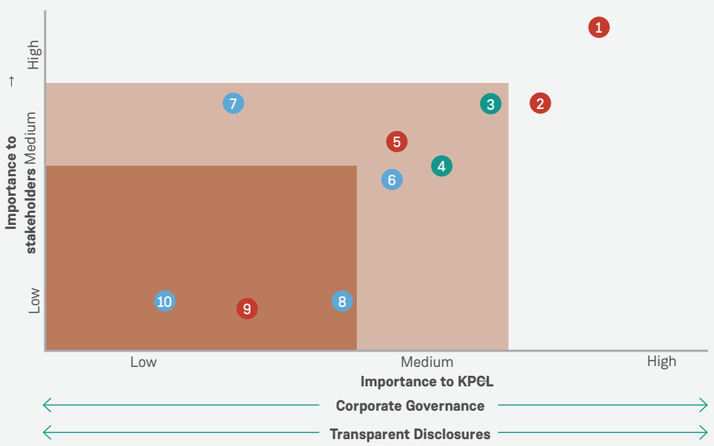
Assessing material matters to safeguard stakeholder interests

Through our materiality assessments, we identify and prioritise the most important issues that may impact the business over the medium to long term. These assessments provide us detailed data and insights to address these issues effectively and efficiently.

Materiality Assessment Process

1. Stakeholder Identification
2. Evaluating Standards and Frameworks
3. Online Surveys
4. Diagnostic Assessment
5. Mapping
6. Final Materiality Matrix

Materiality matrix



Rank	Material Issues
1	Employee health and safety
2	Talent management
3	Climate action
4	Circular economy
5	Human rights
6	Business ethics
7	Sustainable innovation
8	Responsible supply chain
9	Community relations
10	Data privacy

- Environment
- Social
- Governance

Corporate Governance comprises

- Risk management
- Stakeholder relationship
- Brand management
- Board structure and management
- Responsible investment practices

Steering with integrity and excellence

A structured set of principles, policies and oversight mechanisms. This framework upholds the principles of ethical conduct, transparent decision-making and effective stakeholder relationships. Our governance framework assists the core management team in overseeing Company operations and ensures efficient administration within the organisation.

Nil Whistle-blower complaints

Nil PoSH complaints

67%* Independent Directors

16 Policies formulated

Governance framework

Pillar	Description
Board oversight	Strategy and policy direction guided by experienced Independent Directors
Policy-driven approach	Governance guided by 16 formalised policies.
Transparency	Comprehensive disclosures, third-party managed ethics helpline and regular audits.

Pillar	Description
Committee structure	Five Board-level committees
Stakeholder focus	Redressal mechanisms and satisfaction metrics for shareholders and communities.

Ethics and conduct

- **Whistle-Blower policy**
  Enables employees and stakeholders to report unethical behaviour confidentially
- **PoSH (Prevention of Sexual Harassment) policy**
  Ensures a safe and respectful workplace, with respect to statutory guidelines
- **Human rights policy**
  Reinforces fair treatment among employees across operations

Transparency and disclosures

- **Code of practices for fair disclosure of UPSI**
  Ensures fair and timely public disclosure of Unpublished Price Sensitive Information (UPSI)
- **Archival policy**
  Regulates the preservation and disposal of corporate records and disclosures

Board and committee governance

- **Nomination and remuneration policy**
  Defines criteria and process of selection, performance evaluation and compensation of Directors and senior executives
- **CSR policy**
  Outlines our approach to social responsibility, aligned with legal mandates and societal needs

Risk and compliance management

- **Risk management policy**
  Establishes a framework for identifying, assessing and mitigating business risks
- **ESG policy**
  Integrates environmental, social and governance policies into decision-making on the business front

Stakeholder relations

- **Stakeholder engagement and grievance redressal policy**
  Provides a structured mechanism for addressing and resolving stakeholder concerns in a timely manner.
- **Business continuity policy**
  Ensures planned recovery policies to maintain critical operations during disruptions.

Financial governance

- **Dividend distribution policy**
  Sets out guidelines for fair, consistent and transparent dividend pay-outs.

*as on March 31, 2025

Fuelled by Passion. Driven by People.

At KPCL, we believe our people play an integral part in enabling the growth of the Company. In FY 2025, we undertook several initiatives to strengthen employee capabilities and foster a diverse, inclusive workplace culture. The digitisation of HR systems is also underway to smoothen operations within the organisation. From strengthening our leadership pipeline to introducing AI tools in HR operations, we focus on building a responsive, agile and future-ready workforce.

Excelling in Approach and Outcome

Our work culture is a true reflection of our core values. We believe that the way we work directly influences the outcomes we strive to achieve. That's why we encourage an inclusive environment centred on collaboration and innovation. We actively nurture the exchange of ideas, with the aim of creating value by constantly pushing boundaries. Empathy is a fundamental quality we expect from all our employees and partners, as it deepens our understanding of the challenges we need to address. By embracing diverse perspectives and working together with a forward-looking mindset, we cultivate a positive workplace where individuals feel empowered to grow and express themselves freely.

Talent Acquisition and Diversity

Our hiring strategy during the previous year focused on bringing in young talent and diversifying our workforce. Campus recruitment, lateral hiring and targeted inclusion strategies were deployed to enable our employees to support the evolving business landscape.

44

Graduate and management trainees hired

5.47%

Women in workforce (FY 2025)

30+

New female hires in FY 2025

Initiatives

- Engaged with leading academic institutions for campus recruitment.
- Implemented updated workplace policies on travel, leave and hybrid working to enhance candidate experience.
- Deployed a women-focused hiring programme, starting with operations at the Nashik foundry.
- A target of **12% gender** diversity set to achieve by FY 2030.

Women-led Foundry Operations

The entire new foundry project at Nashik is operated by an all-women team. 15 female employees were hired and trained to run key shop floor functions.

Project Thor

To improve gender diversity in core manufacturing roles, Kirloskar Pneumatic launched an initiative to induct women into shop floor operations.

These BSc and Diploma graduates are now contributing to factory operations, marking a shift in gender representation. To ensure smooth transition and long-term growth, structured development programmes, mentorship and an inclusive work environment tailored to their growth.

15

Women operators onboarded

100%

Recruited through campus drives

1st time

deployment of women in shop floor roles at the Nashik foundry

Learning and Leadership Development

We strengthened our learning infrastructure with a robust L&D framework aligned with organisational goals. The focus remained on technical upskilling, leadership training and functional skill development.

43,200

Total training hours

71

Employees trained under leadership programmes

₹6.8 Mn

Investment in L&D

Initiatives

- **Project ARCHON:** A senior leadership programme for 18 key future leaders.
- **Project UNNATI:** Assessment and IDP development for **82 high-potential** employees.
- Role-specific programmes for frontline managers, team leads and engineers.

Project UNNATI: Nurturing Talent

Project UNNATI enabled a custom growth roadmap for every individual under the scheme. Using scientific assessment tools, the programme was supported by targeted interventions and group learning.

Employee Engagement

In FY 2025, cross-functional teams led initiatives and streamlined the decision-making process. This approach improved workflows and increased employee engagement.

81%

Employee Engagement Score (Kincentric)

34

Knowledge-sharing sessions (Sudnyan)

Initiatives

- Employee Engagement Committee managed the annual engagement calendar across all sites.
- Peer-led events included Safety Week, Women's Day and Quality Month.
- Knowledge forums such as Sudnyan enabled idea exchange across departments.
- Recognition digitised platform currently hosts monthly and spontaneous awards online.

Accolades in Employee Engagement

We won the **Kirloskar ICONS Award** in recognition of our high employee engagement scores in two independent third-party surveys.

Digital HR Systems

Our Company initiated the process of digitisation in the HR systems by embedding technology into every stage of the employee lifecycle. From hiring to recognition, HR operations are now seamless, data-driven and employee-friendly.

Initiatives

- Launched Salus, an AI-based Chatbot offering real-time answers on HR policies and processes.
- Revamped ATS and intranet systems to ease internal communication.

Did You Know?

'Salus', KPCL's in-house AI Chatbot, responds to HR queries 24/7, significantly enhancing self-service efficiency for employees at all levels.

Performance Management

Our performance management set-up connects individual goals to business outcomes, balancing accountability with development. In FY 2025, we aligned the Performance Management System (PMS) with capability-building frameworks to accelerate growth.

100%

Employees covered under formal PMS

12%

Promotions from internal talent pool

Initiatives

- Refined the PMS to include quarterly feedback loops
- Used performance insights to identify high-potential talent for Project UNNATI
- Linked development plans with assessment outcomes for better role readiness

Insight

Employees identified as high performers through PMS were fast-tracked into the ARCHON and UNNATI leadership programmes—linking outcomes to opportunity.

Employee Health and Safety

Employee health and safety has always been central to our operations. Our approach balances statutory compliance with proactive risk management and behavioural reinforcement among employees.

50,44,112

Safe man-hours

89%

Coverage of workforce in safety training

Initiatives

- Regular mock drills, safety audits and near-miss tracking
- Safety committee at each site with cross-departmental representation
- Ergonomics and hygiene infrastructure improvements

Did You Know?

Our Hadapsar facility is certified under **ISO 45001:2018** by TÜV NORD for our management systems covering the design, development, manufacture and servicing of compressors, refrigeration systems, vapour absorption chillers, process gas equipment and transmission gears including ferrous and non-ferrous casting operations.

Ramping up manufacturing capabilities, driving expansion and growth

Our focus remains firmly on backward integration and manufacturing excellence by adopting lean practices that boost efficiency and productivity. By improving our product mix and selectively executing orders, we enhance overall performance. We launched eight new Screw Compressor models, targeting a ₹200 Crore market share. Our strong market position in reciprocating compressors is reinforced by effective spare parts management and shorter lead times.

Manufacturing Facilities

Our manufacturing capabilities have been steadily enhanced to support self-sufficiency, higher efficiency and better production outcomes.

Initiatives implemented across facilities

Nashik

A backward integration initiative was put into motion, with the installation of a 32-tonne forge hammer. This move was aimed at bringing the production of critical components in-house, helping reduce dependence on outside vendors and streamlining our supply chain.

Saswad

Investments were directed towards building internal manufacturing strength, providing stringent operational control and maintaining consistent product quality in line with changing market needs.

Infrastructural Development

We have implemented infrastructure upgrades across our manufacturing facilities, aimed at bolstering production output, resouce optimisation and embedding more sustainable methods into our daily operations.

Capacity Expansion

We regularly examine our internal processes and systems and implement relevant changes.

- We optimised throughput by identifying areas where processes slowed down. Machine schedules were reorganised and team coordination was enhanced to ensure hassle-free operations.
- Idle time was reduced by sharing workloads across departments. This allowed us to make better use of equipment and supported more consistent production cycles.

Facility Enhancements

We also introduced systems that help reduce waste and improve the handling of materials.

- Oil recovery systems were implemented to extract reusable oil from dust particles. This reduced environmental impact and made it easier to manage materials such as paint and wood.
- Briquetting machines were installed at various locations to reduce pollution from briquette generators. This initiative not only improved material yield but also decreased the need for frequent transportation.

~₹77 lakhs

Annual savings generated

Technology Integration

Our technology upgrades in manufacturing were aimed at enhancing transparency, improving productivity and enabling real-time decision-making across critical processes. These upgrades help drive consistency, efficiency and responsiveness in plant-level operations.

Lighthouse Digital Platform

A unified platform, Lighthouse, was deployed across facilities to integrate operational data and enhance visibility.

1. **Oracle integration** provides real-time access to planning, procurement and supply chain activities.
2. **Supplier interaction module** allows vendors to raise issues and submit commitments directly, improving lead times and reducing coordination gaps.
3. **Real-time task tracking** was enabled through Standard Machine Hour (SMH) monitoring and operator performance dashboards.
4. **Digital inventory management** through barcoding increased traceability and reduced manual dependencies in material handling.

Machine Data Integration and Monitoring

To monitor performance and reduce variability, key equipment was networked to deliver continuous operational feedback.

- **Live data updates at 0.5-second intervals** captured Availability, Performance and Quality Efficiency Indices.
- **Achieved a 92% Overall Equipment Effectiveness (OEE),** reflecting efficient use of machinery and stable production conditions.

24X7 Quality Assurance

To maintain consistent performance and remain aligned with changing customer expectations and regulatory norms, we introduced a range of quality-focused initiatives across our manufacturing processes.

Systematic Performance Tracking

We placed greater emphasis on measuring quality through clear, actionable indicators.

- Customer complaints and machine performance were routinely monitored, allowing us to take timely corrective steps when needed.
- A noticeable reduction in warranty costs pointed to stronger product reliability and supported higher levels of customer satisfaction.

Collaborative Quality Oversight

To prevent issues before they could impact the end user, we implemented a structured review system across departments.

- Weekly reviews, bringing together teams from design, service, quality and marketing. These sessions helped monitor product performance and address concerns as they arose
- Specific challenges, such as persistent vibration and noise in the R5 compressor series, were resolved through focused design and structural modifications

This cross-functional set-up facilitated continuous feedback and quicker improvements, making our response to quality concerns more agile and effective.

Strategic Acquisitions

The acquisition of Systems and Components (India) Private Limited added valuable capability in the refrigeration segment. This helped us improve

- Validation of designs
- Enhance component integration
- Reinforce process control measures

Result

Our output became more consistent with the expectations set by industry standards.

Effective Supply Chain Management

To enhance supply predictability, reduce operational delays and respond more effectively to market shifts, we implemented targeted improvements across our supply chain. These efforts involved building internal capabilities, increasing digitisation and working more closely with our vendor partners.

Building Internal Strengths through Backward Integration

The development of forging capabilities at our Nashik facility helped reduce our dependence on external suppliers. This step ensured a more reliable flow of materials and enabled more accurate scheduling in downstream production activities.

Streamlining Inventory and Improving Order Accuracy

We adopted lean manufacturing practices to improve operational efficiency and shorten turnaround times.

- Inventory levels were better aligned with evolving demand scenarios, helping us avoid overstocking and improving how we manage the working capital

Enhancing Visibility and Planning with Real-Time Tools

Our Lighthouse platform was expanded to cover supply chain functions, providing real-time insight into order status and supplier engagement.

- The use of live dashboards and automated rescheduling features helped us adapt quickly to shifting customer needs
- Seasonal pressures, particularly during peak months like September, October and January, were better managed using a Capability Matrix. This tool helped balance supplier workloads and improve commitment tracking

Acquisition Enhancing Value

The acquisition of Systems and Components Private Limited gave us stronger control over component sourcing. It also helped raise standards in quality and delivery compliance.

- This move supported the deeper integration of quality assurance into supply chain processes, strengthening accountability throughout the entire cycle

Redesigned Procurement Process

Procurement operations were redesigned to better support cost efficiency, tighter inventory alignment and improved use of working capital. By combining digital tools with more refined planning, the procurement function became both more agile and better integrated with overall operations.

Inventory Rationalisation and Cost Control

Material planning improved through stronger coordination between in-house production and external suppliers. This helped maintain working capital near the 15 percent mark relative to turnover.

With more focused procurement strategies and tighter control over inventory levels, we saw clear reductions in material costs. In addition, by actively tracking per-machine-hour costs, we were able to manage unit-level production expenses more precisely and strengthen cost control measures.

Digital Tools Supporting Integration

The Lighthouse platform brought real-time clarity to procurement requirements, scheduling and inventory status. This transparency made it easier for buyers and planners to align, improving timing and reducing unnecessary stock build-up.

Automated monitoring tools also played a role in tracking key procurement indicators. With fewer manual interventions required, order management became more efficient and responsive to operational demands.

Reliable Vendor Assessment Mechanism

Enhancing supplier reliability and responsiveness continued to be a core operational focus. To support this goal, a performance-based monitoring approach was put in place to evaluate vendors on key parameters such as delivery timeliness and product quality. These assessments, paired with regular reviews, helped us identify gaps early and implement corrective steps quickly.

Tracking Supplier Performance

Vendor performance is now evaluated using clearly defined metrics, including on-time delivery rates and quality benchmarks. These metrics are revisited on a regular basis to ensure service standards remain consistent and to catch any issues before they escalate.

Improving Coordination through Digital Tools

With the integration of the Lighthouse platform, suppliers now have a direct line to raise queries and provide updates on order status. This digital connection has brought a number of advantages.

- It offers instant visibility into any issues related to deliveries or product quality
- It boosts coordination between vendors and internal teams
- It encourages quicker responses and strengthens accountability across the supply chain

Expanding through Partnerships

To deepen our reach in the textile industry, we entered into an exclusive sales partnership with UMPESL, a subsidiary of Voltas. This collaboration is designed to provide more structured engagement with B2B clients and to improve market access through coordinated outreach efforts.

Restructured Distribution Process

As products became more complex and regional demands continued to shift, we reconfigured our distribution approach to be more responsive, improve delivery timelines and strengthen post-sales support. The updated framework now combines priority-based dispatch planning, real-time tracking and tailored delivery methods that reflect both operational needs and customer expectations.

Improved Coordination and Real-Time Visibility

Dispatches are now managed using a structured priority system that aligns production schedules with delivery plans. This change has improved coordination across teams and allowed for faster response times through enhanced tracking and visibility.

Post-Sales Support and Spare-Part Logistics

Delivery timelines for spare parts were significantly shortened, even for requests made after the warranty period. These improvements have helped maintain service consistency and boosted overall customer satisfaction by reducing downtime.

Distribution Performance at a Glance

We made steady progress across key metrics over the past year:

- On-time delivery rose from 60% to 77%.
- Spare-part delivery, which previously took several weeks, has now been reduced to just a few days, with a target of achieving delivery in under three days.
- Digital tracking moved from limited use to full-scale implementation, with plans to maintain this capability moving forward

Adapting to Evolving Market Needs

To keep pace with demand in emerging markets and various industry sectors, we expanded our distribution network and adjusted the product mix accordingly. These steps have made our logistics more flexible and better suited to the varying needs of different regions.

Laser-sharp, high-tech innovation powering expansion and growth

Our R&D team is creating energy-efficient, low-maintenance and environment-friendly solutions through technological innovation and smart component integration strategies. Product upgrades are guided by a steady feedback loop involving our sales and marketing teams, who gather market insights and benchmark competitor offerings. This process has led to the introduction of features such as extended maintenance cycles and a shift from mechanical systems to electrical ones.

Recent developments

A flurry of recent developments include portable, diesel-operated compressors tailored for construction environments and an expanded Khione refrigeration line, now engineered for greater versatility across key industries such as dairy, pharmaceuticals and food processing.

More Industrial Offerings

Through the acquisition of Systems and Components (India) Private Limited, we broadened our compressor portfolio, offering customers more options based on performance and energy efficiency. This move has not only strengthened our product basket but is also helping us grow our market share.

At the same time, we have worked on reducing our dependency on imported components—especially for air compressors—by leveraging our own design and manufacturing capabilities, supported through collaborations with international research partners.

Adopting Advanced Technology

We are progressively embedding Industry 4.0 practices and intelligent automation into our operations. These efforts include:

- SCADA-controlled heat treatment systems that bring greater precision to our manufacturing
- The integration of AI and robotics in design and testing workflows
- Expansion of our in-house machining capacities, allowing better control over production and quicker turnaround times

We are also collaborating with institutions such as IISC Bangalore and IIT Bombay, in partnership with the Ministry of Heavy Industries, to co-develop sustainable technologies that are expected to roll out in the coming year.

Innovation and Intellectual Property

Our innovation efforts continue to gain momentum, with 43 IPs (filed and granted in aggregate). This growing portfolio reflects our ongoing commitment to developing distinctive, future-ready technologies.

Near-Term Focus Areas

Our R&D priorities include

- Developing oil-free, energy-efficient compressor solutions
- Transitioning from mechanical to electrical systems across platforms
- Expanding our product range to qualify for government-backed programmes
- Building scalable, advanced compressor technologies that reinforce our leadership in innovation

Lighthouse

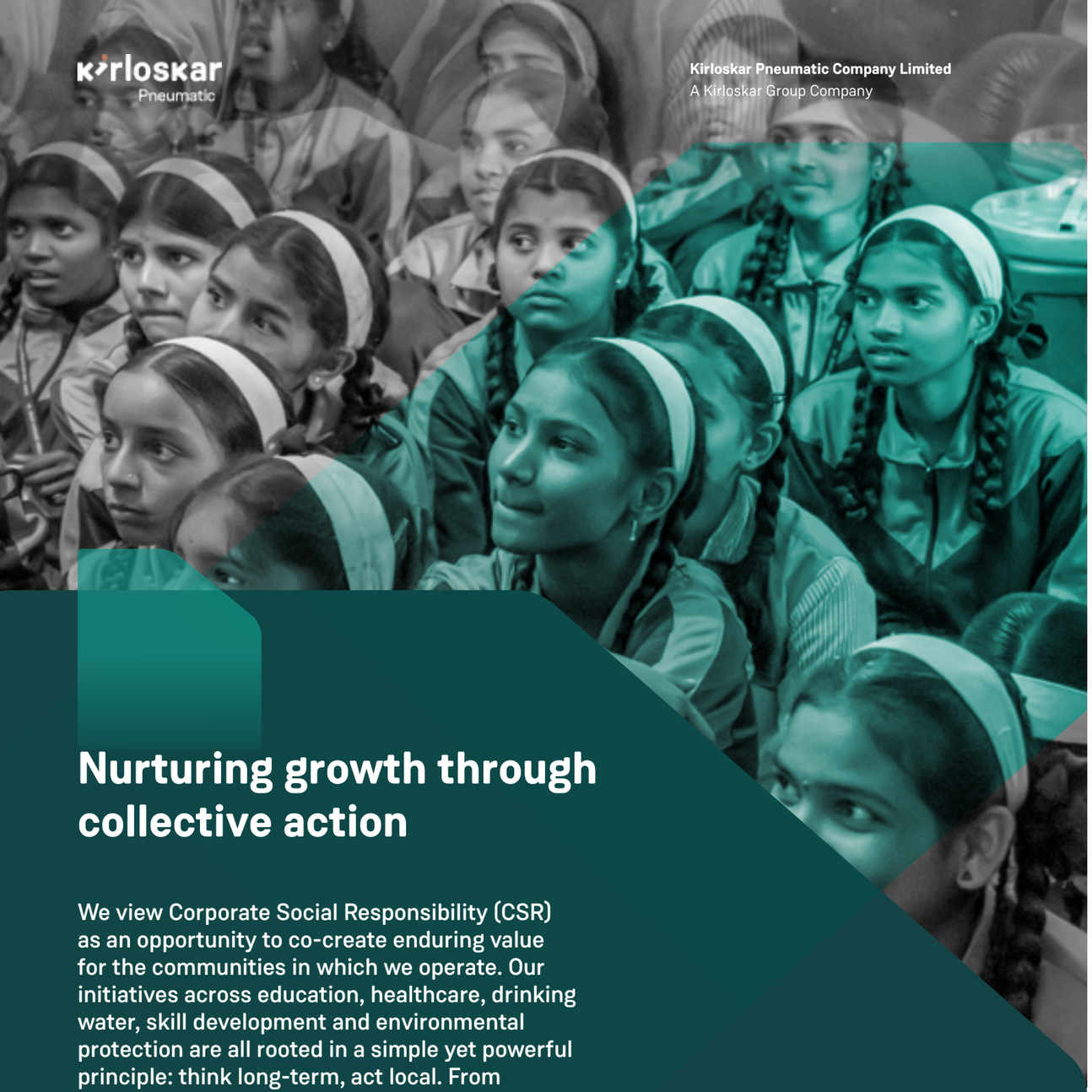
Our Digital Backbone for Manufacturing

Lighthouse continues to serve as the foundation of our digital transformation journey. Based on the Theory of Constraints framework, the platform helps us identify and eliminate production bottlenecks using real-time data integrated with our ERP system.

Some of the core features of Lighthouse include:

- Interactive dashboards tailored to different functional roles, offering real-time insights.
- Machine performance tracking with refresh rates every 0.5 seconds, covering key metrics such as availability, quality and throughput.
- Smart store capabilities that have significantly reduced material movement times — from 1.5 hours to just 30 minutes at gate entry and from a full day to 2 hours for trolley picking.
- Multiskilling and workforce productivity analysis using Standard Machine Hour (SMH) metrics.
- Idle code analytics to pinpoint the main causes of downtime and enable timely corrective actions.

Through Lighthouse, we have achieved a 98% machine utilisation rate, enhanced visibility across planning and supply chain functions and streamlined our production monitoring. More than a tracking tool, Lighthouse acts as a real-time decision-making support system, helping us build a more agile, transparent and accountable manufacturing ecosystem.



Nurturing growth through collective action

We view Corporate Social Responsibility (CSR) as an opportunity to co-create enduring value for the communities in which we operate. Our initiatives across education, healthcare, drinking water, skill development and environmental protection are all rooted in a simple yet powerful principle: think long-term, act local. From building life skills to empowering rural youth through training, every project is designed to leave a meaningful impact.

Our Corporate Citizenship

Our robust CSR framework ensures that our operations align with corporate responsibility and community impact. Our CSR efforts are guided by the Companies Act, 2013 and mapped to global goals such as the United Nations Sustainable Development Goals (UN SDGs).

The key pillars of our CSR governance model are:

Strategic planning

Our CSR priorities are aligned to our long-term business goals and needs of the communities we operate in. Each initiative is designed for specific SDGs and contributes to an overall progress.

Financial commitment

Our Company allocates at least 2% of the average net profits from the last three financial years towards CSR initiatives according to statutory requirements.

Governance and oversight

A Board-level CSR Committee provides direction, monitors progress and ensures that our projects are aligned with both internal values and external benchmarks.

Rigorous implementation

Our CSR initiatives follow a structured planning, execution, monitoring and impact evaluation. Periodic reviews ensure that projects stay aligned with their intended outcomes.

Transparency and accountability

We maintain transparency in our CSR commitments through detailed disclosures in our Annual Report, Business Responsibility and Sustainability Report (BRSR) and on our website.

Stakeholder engagement

Our approach includes active engagement with communities, NGOs and local administrations to identify real needs, design solutions and measure the social return on investment.

Bharari

Bharari provides life skills training along with academic support for student of grades 7 and 8 near our Saswad plant. This initiative is designed to build communication and critical thinking skills among underprivileged children, boosting their confidence and encouraging them to grow beyond textbooks. This programme includes leadership-building activities, workshops and counselling sessions for these children.

- Currently reaches **360+ students in across 5 schools**
- Prioritises building self-esteem, communication and critical thinking
- Offers dedicated psychologist support, promotes self-awareness and encourages the active involvement of teachers and parents, along with providing extracurricular exposure to support holistic development

Bharari: Beyond textbooks

The term 'Bharari' translates to 'flight' in Marathi. True to its name, Bharari helps children explore their potential beyond textbooks.

KaShi (Kanya Shiksha)

KPCL implemented the KaShi initiative to provide financial support for the daughters of cold storage workmen across six states in India. Backed by employee volunteers and industry partners, this initiative provides assistance and moral backing to help girls pursue their aspirations despite economic challenges.

- **40+ girls** students currently supported
- Locations include Gujarat, Rajasthan, Uttar Pradesh, Madhya Pradesh, Punjab and Uttarakhand
- Programme is led by employee volunteers in partnership with Cold Storage Associations.

Did you know?

KaShi is entirely volunteer-led, demonstrating the power of employee-driven CSR.

Youth Skilling

Our initiative offers three-year diploma courses in partnership with NTTF and the S.L. Kirloskar CSR Foundation. This programme is designed to empower underprivileged youth through hands-on training in Mechatronics and allied fields. With a strong emphasis on gender inclusion, nearly half of the participants are young women, breaking barriers and leading in traditionally male-dominated domains.

- **155 students** enrolled in 3-year diploma programme
- Courses in Mechatronics and Smart Factory, Electronics and Embedded Systems and Electrical and Electronics
- **43% of beneficiaries are girls,** including orphans and children of single mothers
- Campuses in Bengaluru, Pune and Dharwad

Empowering students for a smarter tomorrow

Students learn about smart factory lines, embedded systems kits and simulated plant environments, understanding the engineering backbone of our operations.

Releshani

Releshani arranges multi-day workshops for adolescents for spreading awareness about emotional well-being and mental health. The sessions are mainly for students aged between 14 and 16. It covers topics such as identity, relationships and self-awareness, offering a safe space to ask questions and build emotional intelligence.

- **1,400+ students** from **14 schools** engaged
- Multi-day sessions include puberty, identity, relationships and well-being

Comfort in expression

Relashani's name is an innovative acronym for 'shandar (splendid) relationship' suggesting comfort and ease in expressing oneself.

WaSH and Drinking Water Project

The WaSH initiative enhances health and learning outcomes by ensuring access to safe drinking water in schools.

- **31 schools** equipped with filtration systems
- **37,000+ students** benefited
- Health outcomes improved, absenteeism reduced

All schools supported through CSR initiatives of KPCL are now equipped with a ultra-filtration drinking water facility.

Kirloskar Vasundhara

Kirloskar Vasundhara integrates environment education with restoration efforts through workshops, school programmes and river rejuvenation efforts. It promotes awareness and action on sustainability, reaching thousands of students across more than 25 schools.

- Wall Paintings in 26 schools about river restoration and millets awareness message.
- Millets festival in 10 schools including awareness workshops, recipes, competitions, etc.
- Interschool competition like drawings, essays, elocution, etc

Kirloskar Vasundhara Initiative creates awareness among 50,000+ children.

Committed to a greener future

Environmental awareness is integral to our growth and operations. We recognise the importance of aligning our engineering excellence with environmental responsibility. Our approach is rooted in reducing environmental impact across our operations while driving awareness in communities with educational initiatives. From conserving water and energy within our facilities to restoring natural resources through Kirloskar Vasundhara Initiative , we continue to invest in solutions that support a resource-efficient and sustainable future.

Sustainability Certification

KPCL's Hadapsar facility is certified under ISO 14001:2015 by TÜV NORD CERT GmbH for its environmental management system. This certification covers the design, development, manufacture and servicing of the equipment at our facility.

Energy Efficiency and Emission Reduction

We have undertaken structured efforts to reduce the energy consumption and the carbon footprint across our plants. The key interventions include upgrading machinery for higher energy efficiency, implementing power factor correction systems and optimising energy consumption. Operational control systems have been fine-tuned to lower energy wastage during idle times. We also promote awareness among employees and vendors through trainings, campaigns and energy conservation competitions focusing on responsible usage of energy.

A Towering Tribute to Nature

We have set a record for creating the biggest natural green wall on our premises. A popular creeper known as 'Ficus Repens' has completely covered the wall measuring 1,485.91 square metres to form a beautiful wall cover. This green wall is carefully cultivated and maintained by our in-house team and has earned recognition from both the Asia Book of Records and Limca Book of Records.

950.24 tonnes of CO_2e

Reduction in scope 2 emissions by Solar Plants

7.69%

Renewable energy usage in total mix

0.000004325 (GJ/₹)

Energy intensity per rupee turnover
(Total energy consumption/Revenue from operations)

22

Number of Energy Conservation Projects

Water Conservation

Our Company has implemented rainwater harvesting systems, Sewage Treatment Plants (STPs) and other water recycling amenities at major sites to reduce stress on water resources. Access to clean drinking water has also been enabled in different schools in the rural areas under our CSR initiatives.

Water Management at KPCL

All water used for industrial processes and other purposes is tested by a NABL-accredited lab. The STP water is reused for gardening purpose in the factory premises. Further, we are moving towards a Zero Liquid Discharge (ZLD) system by recycling treated water from our Effluent Treatment Plant (ETP) for reuse in industrial processes.

9,873 KL

Water recycled and reused

₹ 0.000004248

Water intensity per rupee turnover
(Water consumed/Revenue from operations in ₹)

1,200 KL

Reduction in total volume of water consumption

Waste Minimisation and Resource Circularity

We follow the principles of circular economy by focusing on waste segregation, material recovery and reuse. Our foundry operations prioritise reusing scrap and sand with ongoing efforts to reduce hazardous waste generation. Additionally, e-waste and used oil are disposed of only through authorised vendors for recycling, while packaging materials are being optimised to improve our sustainability practices.

2,085 MT

Volume of waste reused or recycled

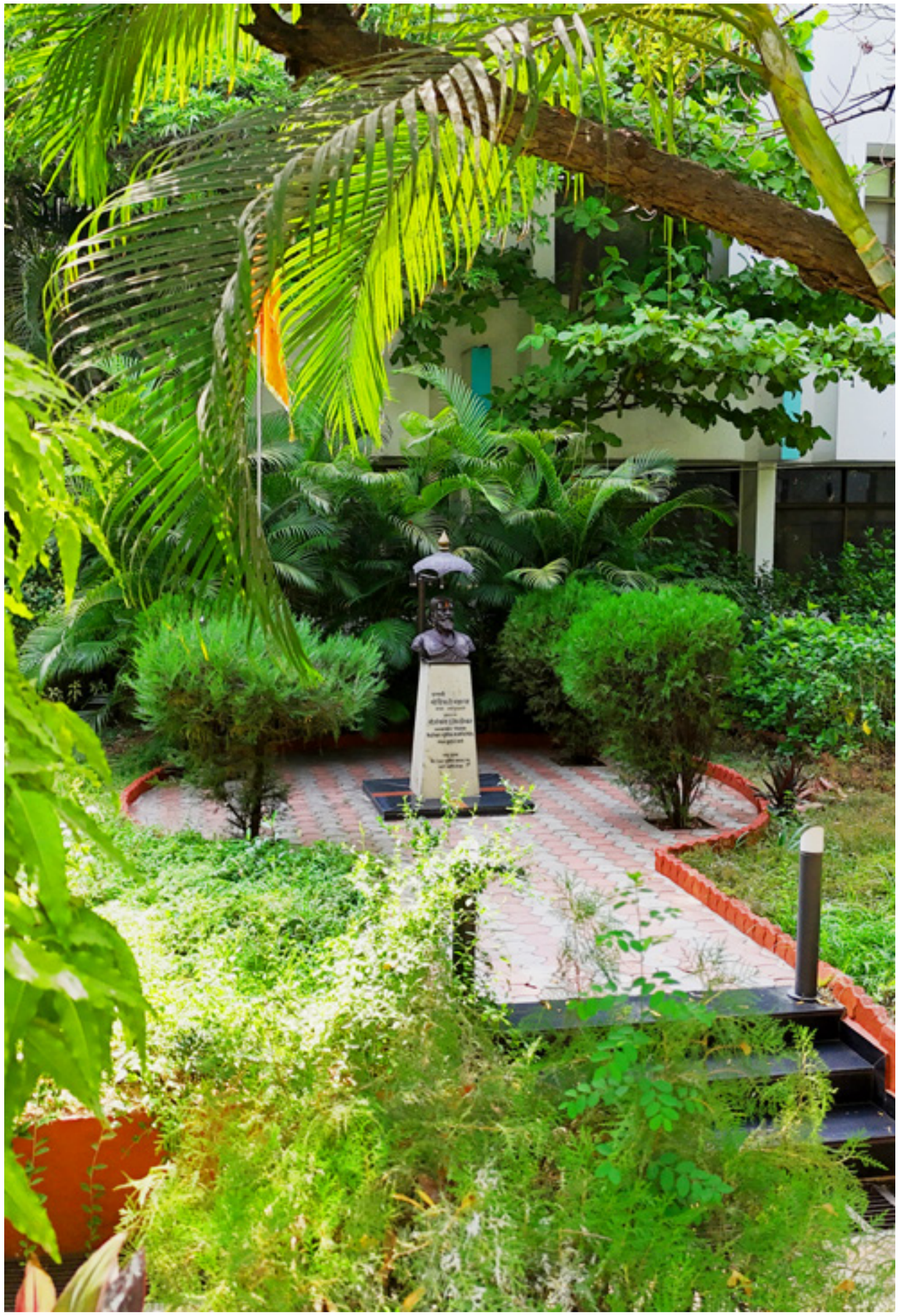
218 MT

Hazardous waste handled through authorised partners

Hazardous Waste Oversight

Hazardous waste management is independently assessed through IMS external Audits and Hazardous Waste Annual Report and is filed via the MPCB website.

Customer recognition for ESG Initiative



Notice of 50th Annual General Meeting

Notice is hereby given that the 50th Annual General Meeting ("AGM") of the Members of Kirloskar Pneumatic Company Limited ('the Company') will be held on Tuesday, the 22nd day of July, 2025 at 3:00 p.m. (IST) through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility, in compliance of provisions of the Companies Act, 2013 ('the Act') and rules thereof read with the General Circular No. 14/2020 dated 8th April, 2020; the General Circular No. 17/2020 dated 13th April, 2020; the General Circular No. 20/2020 dated 5th May, 2020; the General Circular No. 2/2022 dated 5th May, 2022; the General Circular No. 10/2022 dated 28th December, 2022, the General Circular No. 09/2023 dated 25th September, 2023 and the General Circular No. 09/2024 dated 19th September, 2024 issued by the Ministry of Corporate Affairs (hereinafter referred as "MCA Circulars") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3rd October, 2024 read with other applicable Circulars and Notifications issued [including any statutory modification(s) or re-enactment thereof for the time being in force and as amended from time to time] (hereinafter referred as "SEBI Circular") to transact the businesses as mentioned below:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended 31st March, 2025 together with the Report of the Auditors' and Board of Directors thereon.

2. To declare dividend on equity shares for the financial year ended on 31st March, 2025.

3. To appoint a Director in place of Mr Atul C Kirloskar (DIN 00007387), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED that pursuant to the provisions of Section 148 and any other applicable provisions of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the Company be and is hereby accorded for the payment of remuneration of ₹ 6.5 Lakhs (Rupees Six Lakhs Fifty Thousand only) to Company's Cost Auditor, M/s Sudhir Govind Jog, a proprietary firm of Cost Accountant, appointed by the Board of Directors for auditing the cost records maintained by the Company for the financial year ending on 31st March, 2026 be and is hereby ratified and confirmed."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

   "RESOLVED that pursuant to provisions of Sections 149, 150, 152, 160, 161 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013; the Companies (Appointment and Qualification of Directors) Rules, 2014; the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable rules and regulations [including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force] and the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors; Ms Varsha Vasant Purandare [DIN 05288076], who was co-opted by the Board of Directors as an Additional Director in the category of Independent Director with effect from 24th April, 2025 and who meets the criteria for independence under section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from the member under Section 160(1) of the Act, be and is hereby appointed as an Independent Director of the Company for a period of 5 (Five) consecutive years till 23rd April, 2030 and that she shall not be liable to retire by rotation.

   RESOLVED FURTHER that pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force), Ms Purandare be paid such fees & remuneration and profit related commission as the Board / Nomination and Remuneration Committee may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.

   RESOLVED FURTHER that the Board or any Committee thereof, be and is hereby authorised to do all such things, deeds, matters and acts as may be required to give effect

to this resolution and to do all things incidental and ancillary thereto."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED that pursuant to the provisions of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time read with provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), other applicable laws and in accordance with the recommendation of the Audit Committee and the Board of Directors, M/s SVD & Associates, Practicing Company Secretaries (FRN: P2013MH031900), be and are hereby appointed as the Secretarial Auditors' of the Company, for a period of 5 (Five) consecutive years to hold office from the conclusion of this 50th Annual General Meeting till the Conclusion of 55th Annual General Meeting of the Company to be held in the year 2030, to conduct secretarial audit, at such remuneration as mentioned in the explanatory statement.

RESOLVED FURTHER that the Board of Directors (which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient to give effect to this resolution and / or otherwise considered by them to be in the best interest of the Company."

Registered Office :
Hadapsar Industrial Estate, Hadapsar, Pune 411013
CIN : L29120PN1974PLC110307
Email : sec@kirloskar.com
Website : www.kirloskarpneumatic.com

By Order of the Board of Directors

sd/-
Jitendra R Shah
Company Secretary

Place : Pune
Date : 19th May, 2025

NOTES:

1. Pursuant to the provisions of the Companies Act, 2013 read with MCA Circulars and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular, the Notice of the 50th AGM along with the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business and instructions for e-Voting are being sent only through electronic mode to those members whose Email addresses are registered with the Company / MUFG Intime India Private Limited ('MUFG'/'RTA') / Depository Participant(s). Those Members who have already registered their Email addresses are requested to keep their Email addresses validated with their Depository Participant(s) / RTA / Company to enable serving of notices / documents / Annual Reports electronically to their Email address. For Members who have not received the notice due to change / non-registration of their Email address with the Company / RTA / Depository Participant(s), they may request latest by Tuesday, 15th July, 2025 by following the procedure as given below:

   A) Registration of Email ID for shareholders holding physical shares:

   i. Click on the URL: https://web.in.mpms.mufg.com/EmailReg/Email_Register.html

   ii. Select the Name of the Company from drop down: Kirloskar Pneumatic Company Limited.

   iii. Enter Folio number (if shares held in physical form) and Permanent Account Number ("PAN"). In the event PAN details are not registered for physical folio, Member to enter one of the Share Certificate numbers.

   iv. Enter Mobile number and Email ID.

   v. System generated One Time Password ("OTP") to be sent on mobile number and Email ID.

   vi. Enter OTP received on mobile number and Email ID.

   vii. Click on Submit button.

   viii. On completing the above process, your request will be accepted and request ID will be generated. Email registered is for limited purpose of sending notice pertaining to the current event.

   B) Members may note that the Annual Report 2024-25 including the Notice will also be available on the Company's website www.kirloskarpneumatic.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL www.evoting.nsdl.com

2. Pursuant to the MCA Circulars and SEBI Circular the Companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the above mentioned Circulars, the AGM of the Company is being held through VC / OAVM.

3. Since the AGM is being held through VC / OAVM, in accordance with the Circulars, the facility for appointment of proxies by the Members will not be available hence Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

4. All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the Meeting will be made available for inspection. A member is requested to send an Email to sec@kirloskar.com for the same.

5. Electronic copies of necessary statutory registers, certificate(s), agreement(s) and other documents, if any, will be available for inspection by the Members during the AGM.

6. Members' Queries:

   A Member, who wish to receive information regarding Audited Financial Statements or matters to be placed at the AGM, shall send a request by providing full name, DP ID and Client ID / Folio Number and contact number from the registered Email ID to sec@kirloskar.com at least 7 (seven) days in advance so as to enable the management to keep the information ready.

7. Speaker Registration for the AGM:

   A Member, who wish to ask questions or express views at the AGM, shall register with the Company as a 'Speaker' by sending a request by providing full name, DP ID and Client ID / Folio Number and contact number from the registered Email ID to sec@kirloskar.com at least 5 (five) days in advance before the meeting i.e. on or before Wednesday, 16th July, 2025.

   For smooth conduct of proceedings of the AGM, Members may note that the Company reserves the right to restrict number of questions and speakers during the AGM depending upon availability of time.

8. Final Dividend 2024-25:

   The Record date fixed for determining entitlement of Members to final dividend for the financial year ended 31st March, 2025, if approved at the AGM, is Tuesday, 15th July, 2025. The dividend, if declared, at the AGM will be paid, subject to tax deducted at source, to Members:

   - To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 15th July, 2025; and

- To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as of the close of business hours on 15th July, 2025.

SEBI vide its Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated 7th May, 2024 has mandated that with effect from 1st April, 2024, dividend to security holders (holding securities in physical form), shall be paid only through electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination, contact details (postal address with PIN and mobile number), bank account details and specimen signature.

Further, relevant FAQs published by SEBI on its website can be viewed at the following link: https://www.sebi.gov.in/sebi_data/faqfiles/sep-2024/1727418250017.pdf

9. TDS on Dividend:

In accordance with the provisions of the Income Tax Act, 1961 ("the Income Tax Act") as amended from time to time, dividend declared and paid by a Company is taxable in the hands of shareholders and the Company is required to deduct tax at source ('TDS') from dividend paid to the shareholders at the applicable rates. We shall therefore be required to deduct tax at source at the time of making the payment of the said dividend.

Tax rate applicable to a shareholder depends upon residential status and classification as per the provisions of the Income Tax Act. All shareholders are thereby requested to update any change in residential status and / or category with Depository Participants (in case of shares held in electronic form) or with the RTA, i.e. MUFG Intime India Private Limited (in case of shares held in physical form), as may be applicable, on the record date i.e. 15th July, 2025.

This communication summarizes applicable TDS provisions for Resident Shareholders and Non-Resident Shareholders as per the Income Tax Act:

For Resident Shareholders:

Tax will be deducted at source under Section 194 of the Income Tax Act at the rate of 10 percent on the sum of dividend payable unless exempt under any of the provisions of the Income Tax Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during the financial year 2025-26 does not exceed ₹ 10,000/-.

TDS will not be deducted in cases where a shareholder provides Form 15G (applicable to any person other than a Company or a Firm) or Form 15H (applicable to an individual above the age of 60 years), along with copy of self-attested Permanent Account Number (PAN), provided that eligibility conditions are being met. Form 15G / Form 15H can be uploaded at link provided by the RTA: https://web.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html

TDS will not be deducted, if the shareholder is exempted from TDS provisions through any circular(s) or notification(s) and provides an attested copy of the PAN along with documentary evidence in relation to the same.

Needless to mention, PAN will be mandatorily required. If your PAN details are available in your demat account for shares held in demat form or with the RTA for shares held in physical form, then there is no need to send PAN details again to the Company. If PAN is not available or invalid PAN or inoperative PAN, TDS would be deducted at the higher rate of 20 percent or rates in force as per Section 206AA of the Income Tax Act.

In order to provide exemption from withholding of tax, following organisations must provide a self-declaration as listed below:

- **Insurance companies:** A declaration that it has full beneficial interest in the shares along with self-attested copy of PAN and Registration Certificate.
- **Mutual Funds:** A declaration that it is a mutual fund governed by the provisions of Section 10(23D) of the Income Tax Act and is covered under Section 196 of the Income Tax Act, along with self-attested copy of PAN and valid SEBI Registration Certificate or Notification.
- **Alternative Investment Fund (AIF) established in India:** A declaration that its dividend income is exempt under Section 10(23FBA) of the Income Tax Act and it has been granted a certificate of registration as Category I or Category II AIF under the SEBI Regulations, along with self-attested copy of PAN and valid SEBI Registration Certificate or Notification.
- **New Pension System Trust:** A declaration that they are governed by the provisions of Section 10(44) (Sub-section 1E to Section 197A) of the Income Tax Act along with self-attested copy of registration documents.
- **Corporation established by or under a Central Act:** A declaration that it is a corporation established by or under a Central Act whereby income-tax is exempt on the income and accordingly, covered under Section 196 of the Income Tax Act, along with self-attested copy of PAN and valid SEBI Registration Certificate or Notification.
- **Recognised Provident Fund / Approved Gratuity / Superannuation Fund:** Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes.

In case of other resident shareholder having Order under Section 197 of the Income Tax Act, TDS will be deducted at the rate mentioned in the Order; provided the Shareholder submits copy of the Order obtained from the income-tax authorities.

For Non-Resident Shareholders:

Tax is required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act at applicable rates in force. As per the relevant provisions of the Income Tax Act, the tax shall be withheld at the rate of 20 percent (plus applicable surcharge and cess) on the amount of dividend payable.

Further, in the case of Foreign Institutional Investors and Foreign Portfolio Investors, tax shall be deducted at source at the rate of 20 percent (plus applicable surcharge and cess) under Section 196D of the Income Tax Act.

However, as per Section 90 of the Income Tax Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the Non-Resident Shareholder (including FII and FPI) will have to provide the following:

- Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities.
- Self-attested copy of Tax Residency Certificate (TRC) issued by the tax authorities of the country of which the shareholder is resident, evidencing and certifying shareholder's tax residency status during the financial year 2025-26.
- Copy of the online Form 10F electronically verified and filed on the Income Tax web portal.
- SEBI registration certificate in case of Foreign Institutional Investors and Foreign Portfolio Investors.
- Self-declaration in the prescribed format certifying that:

  (a) The shareholder is eligible to claim the beneficial Tax Treaty rate for the purposes of tax withholding on dividend declared by the Company;

  (b) The transaction / arrangement / investments from which the dividend is derived by the shareholder is not arranged in a manner which results in obtaining a tax benefit, whether directly or indirectly, as one of its principal purposes. The tax benefit, if any, derived from such transaction / arrangement / investments would be in accordance with the object and purpose of the provisions of the relevant Tax Treaty ('the Principle Purpose Test', if applicable to the respective Tax Treaty);

  (c) No Permanent Establishment / fixed base in India during the FY 2025-26 in accordance with the applicable tax treaty; and

  (d) The shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by a Non-Resident Shareholder.

In case of Non-Resident shareholder having Order under Section 197 of the Income Tax Act, TDS will be deducted at the rate mentioned in the Order; provided the shareholder submits copy of the order obtained from the income-tax authorities.

Where any entity is entitled for exemption from TDS, TDS will not be deducted provided such shareholder / entity provides valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc. issued by the Indian tax authorities).

For All Shareholders:

As per Section 139AA of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid / inoperative and tax shall be deducted at higher rates as prescribed under the Act. The Company will rely on the reports downloaded from the reporting portal of the income tax department for checking validity of PANs / inoperative PANs.

Notes:

1. All the above referred tax rates will be enhanced by surcharge and cess, as applicable.
2. For all self-attested documents, shareholders must mention on the document "certified true copy of the original". For all documents being uploaded by the shareholder, the shareholder undertakes to send the original document(s) on request by the Company.
3. A soft copy of TDS certificate will be available on the website of the Company viz. www.kirloskarpneumatic.com in due course after deposit of TDS with the Government.
4. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, the concerned Shareholder may still have the option of claiming refund at the time of filing the income tax return (provided a valid PAN is registered with your RTA or DP). No claim shall lie against the Company for such taxes deducted.
5. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also,

provide the Company with all information / documents and co-operation in any proceedings.

6. Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares are held under a PAN will be considered on their entire holding in different accounts.

7. Documents furnished by the shareholders (such as Form 15G / 15H, TRC, Form 10F, self-attested declaration etc.) shall be subject to review and examination by the Company before granting any beneficial rate or Nil Rate. The Company reserves the right to reject documents in case of any discrepancies or the documents are found to be incomplete. Decision of the Company with respect to the validity of any document will be final.

8. In case of any discrepancy in documents submitted by the shareholder, the Company will deduct tax at higher rate as applicable, without any further communication in this regard.

9. The Company will withhold taxes as per the stipulated tax laws prevalent at the time of deduction of taxes i.e. as on aforesaid cut-off date.

   A declaration must be filed with the Company where the whole or any part of the dividend income is assessable, under the provisions of the Act, in the hands of a person other than the shareholder in accordance with Rule 37BA(2) of the Income Tax Rules, 1962. The declaration must consist of Name, Address, PAN of the person to whom credit is to be given and payment or credit in relation to which credit has to be given and reasons for giving credit to such person. In case company does not receive such declaration before filing TDS return for the second quarter of FY 2025-26 i.e. 31st August, 2025, the Company reserves the right to reject such declaration.

10. All prescribed forms / declarations with regard to TDS / withholding tax rate can be downloaded from the website of the Company namely www.kirloskarpneumatic.com

    To enable us to determine the appropriate TDS / withholding tax rate applicable, you should upload necessary documents at https://web.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html on or before Tuesday, 15th July, 2025.

    The Resident Non-Individual Members i.e. Insurance Companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms / declarations / documents through their respective custodian who is registered on NSDL platform, on or before the aforesaid timelines.

    No communication on tax determination / deduction shall be considered after Tuesday, 15th July, 2025.

11. In terms of the provisions of Section 124 of the Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Government. Accordingly, 1 (one) unclaimed dividend account in respect of financial year 2017-18 is due for transfer to the said Fund.

12. Members who have neither received nor encashed their dividend warrant(s) for the financial years 2018-19 to 2024-25, are requested to write to MUFG or the Company, mentioning the relevant Folio number or DP ID and Client ID along with KYC details including bank account details and original cancelled cheque for getting the credit of unpaid dividend amount, before the amount becomes due for transfer to IEPF.

13. Equity shares of the Company are under compulsory demat trading by all investors. Considering the advantage of scripless trading, members are encouraged to consider dematerialization of their shareholding so as to avoid inconvenience in future.

14. Instructions for e-Voting and procedure for attending the AGM through VC / OAVM facility:

   I. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time read with aforesaid MCA Circulars and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder read with aforesaid SEBI Circular and Secretarial Standards on General Meetings (SS-2) issued by the Institute of the Company Secretaries of India, including amendments thereunder and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC / OAVM.

   II. Pursuant to the aforesaid MCA Circulars read with SEBI Circular, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-Voting.

   III. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional

Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizer etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

IV. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

V. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the aforesaid MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL.

VI. In line with the aforesaid MCA Circulars read with SEBI Circular, the Notice calling the AGM has been uploaded on the website of the Company at www.kirloskarpneumatic.com The Notice can also be accessed from the website of the Stock Exchange(s) i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited (NSE) at www.nseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com

VII. AGM has been convened through VC / OAVM in compliance with the Act and the rules thereof read with aforesaid MCA Circulars and SEBI Circular.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-Voting period begins on Saturday, 19th July, 2025 at 09:00 A.M. (IST) and ends on Monday, 21st July, 2025 at 05:00 P.M. (IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, 15th July, 2025, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, 15th July, 2025.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode:

In terms of SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December, 2020 on e-Voting facility provided by Listed Companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and Email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email ID / mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services.

Type of shareholders	Login Method
	Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 4. Visit the e-Voting website of NSDL. Open web browser by typing the URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e. your 16 digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 5. Shareholders / Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL.	1. Users who have opted for CDSL Easi / Easiest facility can login through their existing User ID and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL Website www.cdslindia.com and click on Login Icon and New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by Company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also link provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi / Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants.	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login Type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL.	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022-4886 7000.
Individual Shareholders holding securities in demat mode with CDSL.	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no : 1800 210 9911

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual Shareholders holding securities in demat mode and Shareholders holding securities in physical mode:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a Mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.

3. A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at https://eservices.nsdl.com/ with your existing IDeAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Digit DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is A01*** and EVEN is 134197 then user ID is 134197A01***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      i. If your Email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your Email ID. Trace the Email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      ii. If your Email ID is not registered, please follow steps mentioned below in process for those shareholders whose Email IDs are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details / Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

   b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number / folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period and during the General Meeting. For joining virtual meeting, you need to click on "VC / OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email

to mjrpcs@gmail.com with a copy marked to evoting@nsdl.com Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on : 022 - 4886 7000 or send a request to Mr. Amit Vishal / Mr. Abhijeet Gunjal at evoting@nsdl.com

Process for those shareholders whose Email IDs are not registered with the depositories for procuring User ID and password and registration of Email IDs for e-Voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to sec@kirloskar.com

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to sec@kirloskar.com If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively Shareholder / Members may send a request to evoting@nsdl.com for procuring User ID and password for e-Voting by providing above mentioned documents.

4. In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and Email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.

2. Only those Members / Shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC / OAVM" placed under "Join meeting" menu against Company name. You are requested to click on VC / OAVM link placed under Join Meeting menu. The link for VC / OAVM will be available in Shareholder / Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants connecting from Mobile Devices or Tablets or through

Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views / have questions may send their questions in advance mentioning their name, demat account number / folio number, Email ID, mobile number at sec@kirloskar.com at least 5 (five) days before date of the meeting. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM.

6. Any person holding shares in physical form and non-individual shareholder, who acquire shares of the Company and becomes member of the Company after the notice is sent through email and holding shares as of the record date (cut-off date) i.e. Tuesday, 15th July, 2025, may obtain the login ID and password by sending a request at evoting@nsdl.com or Issuer / RTA. However, if you are already registered with NSDL for remote e-Voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990. In case of Individual Shareholder holding securities in demat mode who acquire shares of the Company and become a Member of the Company after sending of the Notice and holding shares as of the record date (cut-off date) i.e. Tuesday, 15th July, 2025 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

7. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "e-Voting facility availed from NSDL" for all those members who are present at the AGM but have not cast their votes by availing the remote e-Voting facility.

8. The Scrutinizer shall after the conclusion of e-Voting at the AGM, will unblock the votes cast through remote e-Voting / e-Voting at the time of AGM, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

VIII The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kirloskarpneumatic.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchange(s) viz. BSE Limited and National Stock Exchange of India Limited (NSE).

IX The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the record date (cut-off date) i.e. Tuesday, 15th July, 2025.

X A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at the AGM through e-Voting.

9. Mr Mahesh Risbud (CP No. 185) or failing him Mrs Prajakta Risbud (CP No. 26329), Practicing Company Secretaries, Pune (has been appointed as the Scrutinizer) to scrutinize the e-Voting process in a fair and transparent manner.

10. With a view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.

11. Re-appointment of Director at the Annual General Meeting:

Mr Atul C Kirloskar (DIN 00007387) aged 69 years, is liable to retire by rotation and being eligible, offers himself for re-appointment. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, particulars of the aforesaid Director are mentioned below:

Mr Atul C Kirloskar was appointed as a Director on the Board w.e.f. 25th April, 2009. Mr Atul C Kirloskar has varied expertise / experience in Strategy, Business Management and Marketing.

Mr Atul C Kirloskar began his career with the Kirloskar Group with the erstwhile Kirloskar Cummins Limited (now Cummins India Limited) in the year 1978. In 1984, he moved to Kirloskar Oil Engines Limited (KOEL) and worked in various leadership positions and is currently the Chairman of the Company.

He was a former member of World Economic Forum and was the President of the Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA), Pune.

He served as the Chairman of CII National Committee of Defence.

He is a member of Risk Management Committee of the Company.

The Directorship and committee positions held in other listed / public limited companies are as follows:

Name of the Company	Board position held	Committee Position held
Kirloskar Industries Limited	Chairman & Non-Executive - Director	-
Kirloskar Oil Engines Limited		-
Kirloskar Proprietary Limited	Director	Nomination and Remuneration - Chairman Corporate Social Responsibility – Member

The last drawn remuneration of Mr Atul C Kirloskar, Director is given in the Report on Corporate Governance.

In terms of BSE Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018 and NSE Circular No. NSE/CML/2018/24 dated 20th June, 2018, Mr Atul C Kirloskar is not debarred from holding the office of a Director by virtue of any order by SEBI or any other authority.

Mr Atul C Kirloskar holds 61,07,523 equity shares (PAN based) in the Company, the said shareholding is considered in the name of the first holder (PAN based) only. Mr Rahul C Kirloskar, Executive Chairman of the Company, being his brother, is related to each other.

Registered Office :
Hadapsar Industrial Estate, Hadapsar, Pune 411013
CIN : L29120PN1974PLC110307
Email : sec@kirloskar.com
Website : www.kirloskarpneumatic.com

By Order of the Board of Directors

sd/-
Jitendra R Shah
Company Secretary

Place : Pune
Date : 19th May, 2025

ANNEXURE TO THE NOTICE

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 4 OF THE NOTICE

The Board of Directors at their meeting held on 24th April, 2025, based on the recommendation of the Audit Committee, had appointed M/s Sudhir Govind Jog, a proprietary firm of Cost Accountants (Firm Registration No. 102117) as Cost Auditors of the Company for auditing the cost records maintained by the Company for the financial year ending on 31st March, 2026 and also fixed their remuneration for the said purpose.

Pursuant to the provisions of Section 148 and any other applicable provisions of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

None of the Directors and Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the resolution set out at an Item No. 4.

The Board recommends the proposed resolution as set out at Item No. 4 of the Notice for approval of the Members as ordinary resolution.

ITEM NO. 5 OF THE NOTICE

Pursuant to provisions of Section 161 of the Companies Act, 2013, rules thereof and the Articles of Association of the Company and on recommendation of the Nomination and Remuneration Committee; the Board of Directors at its meeting held on 24th April, 2025 has co-opted Ms Varsha Vasant Purandare (DIN 05288076) as an Additional Director of the Company in the category of Independent Director with effect from 24th April, 2025.

The Nomination and Remuneration Committee at its meeting held on 24th April, 2025 has evaluated the balance of skills, knowledge and experience on the Board and was of the view that Ms Purandare possesses identified capabilities and her role on the Board would be suitable for guidance in operations of the Company.

Pursuant to following provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st January, 2022 :

- The listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.

The Company has received a notice in writing from a Member pursuant to provisions of Section 160 of the Companies Act, 2013 proposing her candidature for the appointment as a Director of the Company.

Ms Purandare is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director. Further, she has submitted declarations stating that she meets the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that she has not been debarred or disqualified from holding the office as a Director by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs or any such statutory / regulatory authority.

In the opinion of the Board of Directors; she possesses integrity, expertise and experience and fulfils the conditions for the appointment as an Independent Director as specified under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and she is independent of the management of the Company. She holds valid registration certificate of having her name included in the Databank of Independent Directors.

Brief Profile of Ms Purandare (DIN 05288076) is as given below :
Ms Purandare holds a bachelor's degree in science (Chemistry) and Diploma in Business Management. Ms Purandare has a vast experience of 36 years in the fields of credit, forex, treasury, capital markets, investment banking, and private equity businesses across geographies domestic & globally. She has served various boards & committee positions of SBI and other institutions including Managing Director & CEO, SBI Capital Markets from November 2015 to December 2018, ex Deputy Managing Director & Chief Credit & Risk Officer of SBI from May 2014 to November 2015, Chief General Manager, Chennai Circle from August 2012 to May 2014 etc. During her tenure, she was credited with the over-all business growth & development of SBI Capital Markets and its five subsidiaries covering investment banking, Broking & Private Equity. Presently, she serves as Director on many Indian Companies.

She is a Director on the Board of Directors of following other public limited companies as on the date of this Notice :

1. The Federal Bank Limited
2. Deepak Fertilizers and Petrochemicals Corporation Limited
3. TMF Holdings Limited
4. TMF Business Services Limited
5. Tata Autocomp Systems Limited
6. Tata Play Limited

Name of the Company	Committee	Position held
The Federal Bank Limited	Customer Service, Marketing Strategy & Digital Banking	Chairperson
	Credit, Investment and Raising Capital	Member
	Information Technology and Operations	Member
Deepak Fertilizers and Petrochemicals Corporation Limited	Securities Issue	Chairperson
	Finance	Chairperson
	Audit	Member
	Project and Funding	Member
TMF Holdings Limited	Nomination and Remuneration	Chairperson
	Risk Management	Chairperson
	IT Strategy	Chairperson
	Audit	Member
TMF Business Services Limited	Audit	Chairperson
	Nomination and Remuneration	Member
Tata Play Limited	Audit	Chairperson
	Nomination and Remuneration	Member
	Risk Management	Member
Tata Autocomp Systems Limited	Audit	Chairperson
	Nomination and Remuneration	Member

She does not hold any equity share in the Company.

She is not related to any other director or key managerial person of the Company.

A draft copy of letter of appointment as an Independent Director of the Company setting out terms and conditions of appointment, including remuneration, is available for inspection by the Members at the website of the Company viz. www.kirloskarpneumatic.com

Under the provisions of Companies Act, 2013, Independent Directors can only receive fees and profit related commission as may be approved by the members. Accordingly, approval of the members is also being sought for the purposes of payment of fees and profit related commission, which amounts may be decided by the Board / Nomination and Remuneration Committee, from time to time subject to the limit prescribed under the Companies Act, 2013 and as may be prescribed under the rules that are passed or may be passed from time to time.

Except Ms Purandare none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No 5. This Statement may also be regarded as a disclosure under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors is of the opinion that appointment of Ms Purandare as an Independent Director would be beneficial to the Company and recommends the special resolution as set out at Item No. 5 of the Notice for approval of the Members of the Company.

ITEM NO. 6 OF THE NOTICE

Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (herein after referred to as 'SEBI LODR Regulations'), every listed company shall undertake Secretarial Audit by Secretarial Auditor in practice who shall be a peer reviewed Company Secretary.

Pursuant to Regulation 24A of the SEBI LODR Regulations and Section 204 of the Companies Act, 2013, every listed company shall annex with a Board's report a Secretarial Auditor Report given by a Company Secretary in practice in such form as may be prescribed.

Pursuant to Regulation 24A of the SEBI LODR Regulations, every listed company on the basis of recommendation of Board of Directors shall appoint / re-appoint Secretarial Auditor, who is a firm, for not more than two terms of five consecutive years with the approval of Shareholders in the Annual General Meeting.

Accordingly, the appointment of M/s SVD & Associates, (FRN: P2013MH031900), Peer Reviewed Firm of Company Secretaries in Practice as Secretarial Auditors of the Company for a period of 5 years at proposed fees of ₹ 4.25 Lakhs (Rupees Four Lakhs Twenty Five Thousand only) plus applicable taxes and other out-of-pocket expenses for a period of 3 years and thereafter at such fees fixed by the Board of Directors of the Company or any Committee of the Board of Directors ('the Board') in connection with the secretarial audit in compliance with the amended provisions of Regulation 24A of the SEBI LODR Regulations vide SEBI Notification dated 12th December, 2024 read with provisions of Section 204 of the Companies Act, 2013

& Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is being placed before the Members for approval on the basis of recommendation of the Board of Directors and Audit Committee held on 24th April, 2025.

Brief Profile of M/s SVD & Associates is as given below :

SVD & Associates was formed in 2014 by Professionals of varied skill set, to bring out synergy in corporate legal and corporate advisory services with a pivotal role in Secretarial Audit. Catering to a wide range of clients, including a large number of listed and multinational companies, its strength is its team of qualified, experienced and trained professionals who treasure the value of diligence and knowledge.

The firm is peer reviewed in terms of the peer review guidelines issued by the ICSI.

Considering the profile of the firm and practicing professionals associated with the firm, it has been recommended to appoint M/s SVD & Associates as the Secretarial Auditors of the Company.

The Board of Directors in its meeting held on 24th April, 2025 have proposed to approve the appointment by way of passing an Ordinary Resolution as set out at Item No. 6 of the Notice for approval of the Members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No 6.

Registered Office :
Hadapsar Industrial Estate, Hadapsar, Pune 411013
CIN : L29120PN1974PLC110307
Email : sec@kirloskar.com
Website : www.kirloskarpneumatic.com

By Order of the Board of Directors

sd/-
Jitendra R Shah
Company Secretary

Place : Pune
Date : 19th May, 2025

Directors' Report to the Members

Your Directors have pleasure in presenting this Report with Audited Annual Financial Statements of the Company for the year ended 31st March, 2025.

1. COMPANY SPECIFIC INFORMATION

1.1 Financial Summary & Highlights

The financial results for the year ended 31st March, 2025 are summarized below:

₹ in Million

Particulars	Standalone		Consolidated
	2024-25	2023-24	2024-25
Revenue from Operations	16,286.27	13,226.20	16,401.69
Other Income	221.11	194.17	222.47
Total Income	16,507.38	13,420.37	16,624.16
Profit before tax	2,806.53	1,778.75	2,808.34
Tax Expense (Current & Deferred tax)	695.83	445.87	695.51
Profit after tax	2,110.70	1,332.88	2,112.83
Other Comprehensive Income / (Loss), net of tax	13.49	270.07	14.22
Total Comprehensive Income for the year	2,124.19	1,602.95	2,127.05
Attributable to			
Shareholders of the Company	-	-	2,125.77
Non-controlling interest	-	-	1.28

1.2 Operating Results and Profits

Standalone revenue of the Company from operations was ₹ 16,286.27 Million which was 23% higher than the revenue of ₹ 13,226.20 Million in the previous financial year 2023-24. Your Company registered a standalone total income of ₹ 16,507.38 Million for the financial year 2024-25, against ₹ 13,420.37 Million of the previous year. Your Company earned a net profit of ₹ 2,110.70 Million compared to ₹ 1,332.88 Million earned last year. Your Company registered 23% growth in Total Income and over 58% growth in Net Profit as compared to previous year.

Systems & Components (India) Private Limited became a subsidiary of the Company with effect from 4th December, 2024. Consolidated revenue of the Company from operations was ₹ 16,401.69 and Net Profit was ₹ 2,112.83 in the financial year 2024-25.

During the year, your Company continues to maintain the status of debt free company.

1.3 Transfer to Reserves

During the reporting year, ₹ 1,000 Million has been transferred to General Reserves of the Company.

1.4 Dividend

The Board of Directors is pleased to recommend a final dividend of ₹ 6.50 (325%) per equity share of the face value of ₹ 2/- each for the year 2024-25 which will be paid subject to the approval of shareholders in the ensuing Annual General Meeting ('AGM').

The Board has recommended the divided based on the parameters laid down in the Dividend Distribution Policy and dividend will be paid out of the profits of the year.

The said dividend, if approved by the Members at the ensuing AGM will be paid to those Members whose name appears on the Register of Members (including Beneficial Owners) of the Company as on the record date.

During the reporting year, the Board of Directors declared an interim dividend of ₹ 3.50 (175%) per equity share of ₹ 2/- each.

The Company has paid / recommended total dividend of ₹ 10/- (500%) per equity share of ₹ 2/- each for the year 2024-25.

Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the Members with effect from 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to the Members at prescribed rates as per the Income Tax Act, 1961.

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board of the Company had formulated a Dividend Distribution Policy. The Dividend Distribution Policy is available on the Weblink: https://www.kirloskarpneumatic.com/investors/company-policies

1.5 Major events that occurred during the year

Acquisition :

During the reporting year, your Company entered into a Share Purchase and Shareholders Agreement and thereby acquired 55.26% equity shares of Systems & Components (India) Private Limited ('S&C') who is a significant player in the Refrigeration packages for Pharma, Chemical and Dairy industry. With this acquisition, your Company will have a stronger presence in Refrigeration and Chiller packaging space thus expanding the addressable market. Your Company is now in the process of harmonizing its operations with S&C to make it more competitive.

Launch of new products :

The new launches of the last couple of years – Khione Refrigeration Compressors, Tezcatlipoca Centrifugal Compressors, Calana Hydraulic Booster Compressors and Aria range of Air Compressors have all been accepted in the market and we are seeing strong order inflow.

During the reporting year, your Company launched "Jarilo" range Biogas–Compressor in the market to cater to the new requirement of Bio-gas industry which is well received in the market.

Marketing Tie-up :

Your Company entered into an exclusive selling arrangement for compressors to the Textile Industry with Universal MEP Projects & Engineering Services Limited, a subsidiary of Voltas Limited.

Forging and Fabrication Facility :

As you are aware, your Company is doing most of its fabrication and forging in-house at Nashik. These manufacturing inputs primarily go into our Compressor Building. The first phase has been earmarked for internal consumption and later on we will use some capacity for external customers. During the reporting year, your Company produced 10,640 forged parts of sizes upto 55 KGs to 435 KGs each and fabricated 190 Nos. complex parts upto 30 tons each.

Corporate Office :

During the reporting year, your Company has inaugurated its corporate office at One Avante Building on Karve Road, Pune as a part of a Kirloskar Group initiative.

Certification :

During the reporting year, your Company has successfully completed:

- Re-certification Audit for IMS (ISO 9001 + ISO 14001 + ISO 45001) for Hadapsar, Saswad Plant & Regional offices.
- Re-certification Audit for 5S for Hadapsar & Saswad Plant.
- ASME U-stamp certification for Nashik Plant.
- Re-certification Audit for ISO 17025 for Metrology Lab.

1.6 Segment-wise position of business and its operations

In terms of provisions of Indian Accounting Standards ("IND AS") 108 – Operating Segments, during the reporting year, the Chief Operating Decision Maker evaluates the Company's performance comprising various segments. Accordingly, segmental information has been reported under Compression Systems and other Non-Reportable Segments which include remaining Non-Qualifying Segments.

Compression Systems registered a robust growth over the previous year by earning revenue of ₹ 15,287 Million as compared to ₹ 12,299 Million in the previous year.

1.7 Subsidiary Company and Consolidated Financial Statements

The Company has acquired 55.26% equity stake in S&C on 4th December, 2024 and thus S&C became a subsidiary of the Company with effect from 4th December, 2024. As on 31st March, 2025 the Company has only one subsidiary.

The consolidated financial statements of the Company and its subsidiary have been prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and as stipulated under Regulation 33 of SEBI Listing Regulations as well as in accordance with the Indian Accounting Standards 110 notified under the Companies (Indian Accounting Standards) Rules, 2015. The audited consolidated financial statements together with the Independent Auditor's Report thereon form part of this Annual Report.

Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of the subsidiary companies is included in the Notes to the Financial Statements in Form AOC-1.

Pursuant to the provisions of Section 136 of the Companies Act, 2013 and its Rules thereof including amendments thereunder, the Financial Statement along with relevant documents of the Company and its subsidiary are available on the Company's website viz. www.kirloskarpneumatic.com The Financial Statement of the subsidiary and related detailed information will be kept for inspection by any member at the Company's Registered Office and will also be made available to the members on demand, at any point of time.

Brief highlights of subsidiary company :

S&C was incorporated on 31st October, 1989. It has been in the business of Industrial Refrigeration (dealing in design, manufacture, installation and commissioning of refrigeration products and projects required for industries such as Agrochemicals, Chemicals, Petrochemicals, Drugs and Pharmaceuticals, Dyes & Pigments, Food & Beverages, Dairy, Seafoods, Textiles & Yarns, Soaps & Detergents, Breweries, etc.) for over 30 years and having their manufacturing plant at Murbad, Maharashtra and registered office situated at Bhandup, Mumbai.

2. CAPITAL STRUCTURE

2.1 Increase in Share Capital

During the year, the Company allotted 124,300 equity shares of ₹ 2/- each upon the exercise of the options granted to employees of the Company pursuant to KPCL Employee Stock Option Scheme 2019 ('KPCL ESOS 2019' or 'the Scheme'). Issued Capital, Subscribed Capital and Paid-up Capital of the Company therefore increased by ₹ 248,600/- and was ₹ 129,794,780/- consisting of 64,897,390 equity shares of ₹ 2/- each as on 31st March, 2025.

2.2 Employee Stock Option Scheme

Your Company introduced KPCL ESOS 2019 to motivate, incentivize and reward its employees. Your Company views employee stock options as an instrument that would enable the employees to share the value they create for the Company and align individual objectives of the employees with the objectives of the Company.

The Scheme is in compliance with the applicable provisions of the Companies Act, 2013 and the Rules issued thereunder, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefit Regulations") upto 12th August, 2021, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 w.e.f. 13th August, 2021 and other applicable regulations, if any.

Pursuant to KPCL ESOS 2019, the Nomination and Remuneration Committee has granted to its specific employees stock options as follows:

Date	Stock Options Granted	Exercisable into Equity Shares of ₹ 2/- each
22nd October, 2019	6,84,000	6,84,000
29th April, 2021	1,04,000	1,04,000
19th October, 2022	1,64,000	1,64,000
19th October, 2023	1,14,000	1,14,000
20th July, 2024	94,000	94,000

The details of options granted, vested, exercised, lapsed / cancelled during the year 2024-25 and outstanding at the end of the year is provided in Note No. 28 to the standalone Financial Statement for the year ended 31st March, 2025. During the year, 124,300 equity shares were allotted as a result of exercise of options resulting into realization of ₹ 28,576,000/-.

During the reporting year, the Company has granted 40,000 options to Mr Ramesh Birajdar, Vice President and Chief Financial Officer who is a Key Managerial Personnel. None of the employee was granted options in any one year amounting to five percent or more during the year. Further, no employee was identified to whom options granted one percent or more of the issued capital of the company at the time of grant during the year. During the year, the Company has not made any variations in the KPCL ESOS 2019.

The certificate from M/s SVD & Associates, Company Secretaries, Secretarial Auditors of the Company, confirming that the Scheme has been implemented in accordance with the aforesaid regulations and in accordance with the resolution passed by the Company at its Annual General Meeting held on 20th July, 2019, will be available for inspection by the shareholders during the ensuing AGM. A copy of the same will be available for inspection at the Company's website and can be accessed on the weblink: https:// www.kirloskarpneumatic.com/investors/for-share -holders/agm-results

The disclosures relating to implementation of the Scheme, details of options granted, changes to the Scheme, if any, etc. are placed on the website of the Company as required under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and can be accessed on the following weblink: https://www.kirloskarpneumatic.com/investors/for-share-holders/agm-results

In line with the IND AS 102 on 'Share Based Payments' issued by the Institute of Chartered Accountants of India ("ICAI"), your Company has computed the cost of equity - settled transactions by using the fair value of the options at the date of the grant and recognized the same as employee compensation cost over the vesting period.

3. AWARDS

During the reporting year, your Company was recognized with prestigious and diverse external accolades which include:

- "Prize for Distinction in HR Excellence" in the 15th CII Excellence Assessment
- Awards in 49th International Convention on Quality Control Circles (ICQCC - 2024)

  2 "Gold Award Trophy"
- Awards in 38th National Convention on Quality Concepts (NCQC – 2024)

  3 "Excellence Award Trophy"
- Awards in 39th Annual Chapter Convention on Quality Concepts (CCQC – 2024)

  3 "Gold Award Trophy"

  2 "Silver Award Trophy"

4. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Details of transfer/s to the IEPF made during the year are mentioned below:

During the reporting year, your Company transferred following amount and shares to the Investor Education and Protection Fund:

Interim Dividend for the year 2016-17	₹ 4,127,430
Interim Dividend for year 2016-17 (PHL)	₹ 1,184,610
Total	₹ 5,312,040
No. of shares of ₹ 2/- each	72,106

Year wise amount of unpaid / unclaimed dividend lying in the unpaid account up to the year and the corresponding shares, which are liable to be transferred to the IEPF and the due dates for such transfer:

Sr. No.	Year	Amount to be Transferred as on 31st March, 2025	Corresponding Number of Equity Shares of the Company	Date of Transfer
1	Dividend 2017-18 (Final)	36,68,748	3,05,729*	29-Aug-25
2	Dividend 2018-19 (Interim)	14,98,586	14,98,586**	28-Feb-26
3	Dividend 2018-19 (Final)	22,39,536	14,93,024**	25-Aug-26
4	Dividend 2019-20 (Interim)	15,47,855	15,47,855**	28-Feb-27
5	Dividend 2019-20 (Second Interim)	29,14,657	17,14,504**	09-Apr-27
6	Dividend 2020-21 (Final)	45,47,647	12,99,328**	25-Aug-28
7	Dividend 2021-22 (Interim)	18,49,611	7,70,671**	05-Mar-29
8	Dividend 2021-22 (Final)	30,05,343	12,02,137**	25-Aug-29
9	Dividend 2022-23 (Interim)	28,12,392	9,37,464**	02-Mar-30
10	Dividend 2022-23 (Final)	17,35,010	6,94,004**	25-Aug-30
11	Dividend 2023-24 (Interim)	12,72,616	3,18,154**	01-Mar-31
12	Dividend 2023-24 (Final)	36,54,652	10,44,186**	25-Aug-31
13	Dividend 2024-25 (Interim)	26,31,857	7,51,959**	05-Mar-32

Notes :

* Before sub-division, Equity Share having face value of ₹ 10/- each.

** After sub-division, Equity Share having face value of ₹ 2/- each.

5. PARTICULARS OF INVESTMENTS, LOANS AND GUARANTEES

During the reporting year, the Company acquired 8,28,877 equity shares representing 55.26% equity stake in S&C on 4th December, 2024. In addition to that, the Company has made investments in Mutual Funds and Fixed Deposits.

No Loans, Guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are given / provided / made during the reporting year. A letter of Comfort amounting to ₹ 100 Million issued to SBM Bank (India) on behalf of Kirloskar Management Services Private Limited in past was no longer in effect at the end of the year.

6. DIRECTORS

6.1 Directors and Key Managerial Personnel

During the reporting year:

i. Mr Bimal Manu Tanna (DIN: 06767157) and Mr Deepak Bagla (DIN: 01959175), were appointed as Additional Directors in the category of Non-Executive Independent Directors on the Board of the Company. The Members approved their appointment as Independent Directors of the Company for a period of 5 years i.e., from 22nd July, 2024 to 21st July, 2029 by way of postal ballot on 17th September, 2024.

ii. Mr Mahesh Chhabria (DIN: 00166049) resigned from the Board with effect from 31st March, 2025. The Board places on record their sincere appreciation and extends gratitude to Mr Mahesh Chhabria for his invaluable contribution over the years. The Board has decided to not fill-up the casual vacancy created by the resignation of Mr Mahesh Chhabria in the ensuing Annual General Meeting.

Mr Atul C Kirloskar retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The necessary resolution for appointment of Mr Atul C Kirloskar is proposed for approval in the forthcoming Annual General Meeting.

The Board on the recommendation of Nomination and Remuneration Committee and in accordance with provisions of the Act and SEBI Listing Regulations, has appointed Ms Varsha Vasant Purandare (DIN: 05288076) as an Additional Director in the category of Non-Executive Independent Director on the Board for a tenure of 5 (five) consecutive years from 24th April, 2025 to 23rd April, 2030, subject to approval of Members at this Annual General Meeting.

The Board of Directors is of the opinion that the Independent Directors holds the highest standard of integrity and possess necessary expertise and experience including proficiency in the field in which the Company operates.

The disclosures required pursuant to Regulation 36 of the SEBI Listing Regulations and the Secretarial Standards on General Meetings (SS-2) are given in the Notice of AGM, forming part of the Annual Report.

There is no change in the Key Managerial Personnel during the reporting year.

6.2. Declaration from Independent Directors and Statement on Compliance of Code of Conduct

Your Company has received necessary declarations from all its Independent Directors stating that they meet the criteria of independence as provided in Sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

All the Directors and Senior Management Personnel have also complied with the Code of Conduct of the Company as required under SEBI Listing Regulations for its Directors and Senior Management. The Independent Directors have complied with the code for Independent Directors prescribed in Schedule IV to the Act.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfill the conditions specified in the Act as well as the Rules made thereunder and are independent of the Management.

6.3 Directors Appointment and Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, adopted a policy for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel. Policy also prescribes the guidelines for determining the remuneration of Executive Directors, Non-Executive Directors, KMP and Senior Management.

The Nomination and Remuneration Policy is available on the Company's website on the following weblink: https://www.kirloskarpneumatic.com/investors/company-policies

6.4 Board Evaluation

The annual evaluation framework for assessing the performance of Directors comprises of the following key areas:

a) Attendance in the meetings, participation and independence during the meetings;

b) Interaction with Management;

c) Role and accountability of the Board;

d) Knowledge and proficiency; and

e) Strategic perspectives or inputs.

The evaluation involves assessment by the Nomination and Remuneration Committee and Board of Directors. A member of the Nomination and Remuneration Committee and Board does not participate in the discussion of his / her evaluation.

Pursuant to the provisions of the Act and Regulation 17(10) of the SEBI Listing Regulations, the Board has carried out performance evaluation of its own performance and that of its committees and individual Directors.

6.5 Number of Meetings of the Board

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, five Board Meetings were convened and held, the details of which are given in the Report on Corporate Governance. The intervening gap between the meetings was within the period prescribed under the Act and SEBI Listing Regulations.

6.6 Composition of Committee Meetings

The composition of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee constituted by the Board under the Act and SEBI Listing Regulations as well as changes in the composition, if any and number of meetings held during the year forms part of the Report on Corporate Governance.

6.7 Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanation obtained by them, the Directors in terms of clause (c) of Sub-section (3) of Section 134 state that:

a) In the preparation of the annual accounts, the applicable Indian Accounting Standards (IND AS) have been followed and there have been no material departures;

b) Accounting policies as mentioned in the financial statements have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2025 and of the profit of the company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities;

d) The annual accounts have been prepared on a going concern basis;

e) Proper internal financial controls have been laid down for the company and that such internal financial controls are adequate and are operating effectively; and

f) Proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

All related party transactions which were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters and Promoter Group, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The statement that the transactions are at arm's length and in the ordinary course of business is supported by a certificate from the Managing Director as well as the certificate from Statutory Auditors / Chartered Accountant on periodical basis.

All Related Party Transactions have been placed before the Audit Committee for their approval and to the Board, as and when required.

In certain cases, prior omnibus approval of the Audit Committee is obtained on a yearly basis. The transactions entered into pursuant to the omnibus approval so granted are reviewed by the Audit Committee on a quarterly basis.

The disclosures as per IND AS for transactions with related parties are provided in the Financial Statements of the Company.

The Company also discloses, in the prescribed format, on the Stock Exchange(s) transactions with the related parties on half yearly basis.

8. RISK MANAGEMENT

The Board has adopted a Risk Management Policy. The policy is focused on sustainable business growth with stability and a pro-active approach in identifying, evaluating, mitigating and reporting risks associated with the Companies business.

The Company has in place a Risk Management Committee of the Board, details of which form part of the Corporate Governance Report.

The Company has a Risk Management framework to identify, evaluate business risks and opportunities. To strengthen the risk management framework, Company has Segment Level Risk Committees, Corporate Risk Management Committee and Board level Risk Management Committee. This framework seeks to minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

9. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. To maintain its objectivity and independence, the Board has appointed an External Auditor, which reports to the Audit Committee of the Board on a periodic basis.

During the reporting year, Internal Financial Controls laid down by the Board were tested for adequacy & effectiveness and no reportable material weakness in the design or operations was observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information. Statutory Auditors have also given unmodified audit opinion on adequacy of internal financial control systems with reference to financial statements.

The Internal Auditor monitors and evaluates the efficacy and adequacy of Internal Control Systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions of the Company. Based on the report of Internal Auditor, process owners undertake corrective action wherever required in their respective areas and thereby strengthen the controls further. Audit observations and actions taken thereof are presented to the Audit Committee of the Board on periodic basis.

10. AUDITORS

10.1 Statutory Auditors

The Members of the Company appointed Kirtane & Pandit LLP, Firm Registration No 105215W/W100057, Chartered Accountants as the Statutory Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of the 46th AGM till the conclusion of the 51st AGM of the Company.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their Audit Report for the year ended 31st March, 2025.

10.2 Cost Auditors

The Board of Directors, had on the recommendation of the Audit Committee, appointed M/s Sudhir Govind Jog, a proprietary firm to audit the cost accounts of the Company for the financial year 2025-26 on a remuneration of ₹ 0.65 Million.

As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to M/s Sudhir Govind Jog, a proprietary firm as Cost Accountant for the year ended on 31st March, 2026 is proposed for approval in the forthcoming AGM.

10.3 Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s SVD & Associates, a partnership firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed herewith as Annexure "1".

There are no qualifications, reservations or adverse remarks or disclaimer made by the Secretarial Auditors in their Secretarial Audit Report for the year ended 31st March, 2025.

M/s SVD & Associates, has submitted Annual Secretarial Compliance Report as laid down in SEBI Circular CIR/CFD/CMD1/27/2019 dated 8th February, 2019 and has also confirmed that the Company has complied with all applicable SEBI Regulations and circulars / guidelines issued in line thereunder, for the financial year 2024-25.

Pursuant to SEBI Regulations 2015, the Audit Committee and the Board of Directors have recommended the appointment of M/s SVD & Associates, a partnership firm of Company Secretaries in Practice as Secretarial Auditor for a term of 5 (five) consecutive years from the conclusion of this 50th AGM till the Conclusion of 55th AGM of the Company to be held in the year 2030 at such remuneration and applicable taxes and out of pocket expenses as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.

Details of the Proposal for appointment of M/s SVD & Associates are given in the Explanatory Statement to the Notice of the 50th AGM as required under Section 102 of the Act. Accordingly, the necessary resolution for appointment of M/s SVD & Associates, a partnership firm of Company Secretaries in Practice as Secretarial Auditors for a period of 5 (five) consecutive years is proposed for approval in the forthcoming AGM.

11. SECRETARIAL STANDARDS

Your Company is in compliance with the revised Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

12. REPORTING OF FRAUDS BY AUDITORS

During the reporting year, neither the Statutory Auditors nor the Secretarial Auditors has reported to the Audit Committee, under Section 143(12) of the Act, any instance of fraud committed against the Company by its officers or employees. Therefore, no details are required to be provided in the Board's report.

13. CORPORATE GOVERNANCE

The Company strives to maximize the wealth of the shareholders by managing the affairs of the Company with pre-eminent level of accountability, transparency and integrity. A report on Corporate Governance including the relevant Auditors' Certificate regarding compliance with the conditions of Corporate Governance as stipulated in Regulation 34(3) read with Part E of Schedule V of the SEBI Listing Regulations is annexed and forms part of the Annual Report.

State of Company's affairs and future outlook is provided in the Management Discussion and Analysis Report, annexed hereto forming part of Directors' Report.

14. ANNUAL RETURN

The Annual Return as provided under Sub-section (3) of Section 92 of the Act is available on the web-link: https://www.kirloskarpneumatic.com/investors/annual-return

15. CORPORATE SOCIAL INITIATIVES

The Board has established a CSR Committee to monitor its CSR activities. On the recommendation of the CSR Committee, the Board of Directors has adopted a CSR Policy in line with the Act.

As part of its initiatives under Corporate Social Responsibility (CSR), your Company has undertaken projects in the areas of Promoting Education, Environment and Health. These projects are largely in accordance with Schedule VII of the Companies Act, 2013 and are also aligned with SDGs (Sustainability Development Goals) and ESG disclosure requirements.

While in the previous year your Company conducted a Society Perception Survey through an external agency to know the satisfaction levels (Society Satisfaction Index - 95%) about our CSR initiatives as well as to understand the needs and expectations of the stakeholders, this year it made significant improvements in its education promotion (Bharari and Youth Skilling), adolescence health (Releshani) and environment (Kirloskar Vasundhara) initiatives by incorporating some of the suggestions received.

Your Company continued the focus on 'youth skilling and employability' through collaboration with S L Kirloskar CSR Foundation and NTTF (Nettur Technical Training Foundation). Eligible students were selected with due consideration for DEI (Diversity, Equity and Inclusion) and based on various socio-economic criteria. These selected candidates are supported for 3-year residential diploma programs in Mechatronics & Smart Factory, Electronics & Embedded Systems and Electrical & Electronics. We are now supporting 5 different batches at the Bengaluru, Dharwad and Pune centers of NTTF.

'Bharari' and 'KaShi' initiatives that promote primary and secondary education were continued by incorporating additional modules for holistic and scientific learning experiences. In addition to educational supports delivered through KaShi (Kanya Shiksha), the Bharari initiative was enhanced by incorporating life skills for 8th Std. students in addition to 7th Std. students and was extended to more schools in the vicinity of the Company's Saswad factory.

Adolescence health initiative named 'Releshani', focusing on educating 9th to 11th Std. students about adolescence, mental health & well-being and healthy relationships, was consolidated and sustained in its second year of implementation.

Over a period of last 3 years as a WaSH intervention, we facilitated water filtration and purification plants for schools in the vicinity of your Company's factory locations as well as in the Ramnadi river basin where we are supporting school initiatives of Ramnadi Restoration Mission to ensure clean and safe drinking water to the students.

RRM (Ram Nadi Restoration Mission) School Initiative created awareness about river restoration amongst teachers and students at schools located nearby Ramnadi river basin through activities such as wall paintings, workshops and competitions (essay, drawings etc.). The 5th Online Ram Nadi Festival as a part of Kirloskar Vasundhara Initiative highlighted the contributions made through such activities by way of screening specially created films. Additionally, Millet Festivals were organized through Kirloskar Vasundhara Initiative for schools in the vicinity of your Company's factory locations comprising of interactive workshops, wall paintings and millets recipes competition to create awareness about millets amongst children, parents and teachers of the participating schools.

KIM – Contribution to Kirloskar Institute of Management (Formerly Kirloskar Institute of Advanced Management Studies) was continued by contributing ₹ 18 Million during the year to promote higher management education.

The details on CSR activities are provided in Management Discussion and Analysis Report. The CSR policy is available on the website of the Company.

CSR Policy in brief

The focus of CSR activities will be on Education, Environment and Health.

While devising projects, care would be taken to promote education, health and sanitation, protect the environment and minimize adverse impact, if any, on the society at large.

The Company shall spend at least Two percent (2%) of the average net profits, calculated in accordance with the provisions of the Companies Act, 2013 and Rules thereunder, made by it in three immediately preceding financial years, in every financial year.

The Annual Report on CSR Activities is annexed herewith as Annexure "2".

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure "3".

17. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Business Responsibility and Sustainability Report as required under Regulation 34(2)(f) of SEBI Listing Regulations, as amended, forms part of this Annual Report. The Company took a step to take voluntarily assurance of its Business Responsibility and Sustainability Report.

18. MATERIAL CHANGES AND COMMITMENTS, BETWEEN THE DATE OF BALANCE SHEET AND THE DATE OF REPORT

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the Financial Statements relate and the date of this Report.

19. MAINTENANCE OF COST RECORDS

Your Company confirms that the maintenance of cost records as specified by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. During the year, no application was made or any proceeding was pending under the Insolvency and Bankruptcy Code, 2016 against the Company.

21. VIGIL MECHANISM / WHISTLE BLOWER POLICY

During the reporting year, your Company revised the Whistle Blower Policy / Vigil Mechanism. Your Company has adopted Whistle Blower Policy / Vigil Mechanism with the objectives of enhancing the standards of ethical conduct for the highest degree of transparency, integrity, accountability and corporate social responsibility.

Your Company has established a vigil mechanism for Directors and Employees of the Company and other persons dealing with the Company to report their genuine concerns, details of which have been given in the Report on Corporate Governance.

To encourage the employees, the Company has also provided Kirloskar Ethics Helpline to report their genuine concerns. During the year no complaints were reported.

22. FIXED DEPOSIT

Your Company has discontinued accepting fixed deposits since 2001-02. As such, as of 31st March, 2025 there are no fixed deposits outstanding.

23. PARTICULARS OF EMPLOYEES

Disclosures with respect to the remuneration of Directors and Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed as Annexure "4" to this Report.

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of Employees are available at the Registered Office of the Company during working hours for a period of 21 days before the AGM and shall be made available to any shareholder on request.

24. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has formulated 'Prevention of Sexual Harassment of Women at Workplace Policy' and the highlights are communicated to all Employees and also displayed across all its locations as well as on its intranet.

Your Company has complied with provisions relating to constitution of Internal Committee (IC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. IC meets every quarter and submits the minutes of meeting to the employer i.e. Managing Director. During the reporting year, four such meetings were conducted and no complaint has been received.

During the reporting year, to create ongoing awareness, your Company has:

- Continued with a PoSH Awareness Module in its employee induction program.
- Conducted total 15 programs including online programs which covered 607 employees including GET and contract employees.

25. EMPLOYEES

Your Company has taken several initiatives for Human Resource Development and manpower retention. Manpower is classified under Frontend, Internal and Support functions for better Customer Reach and Support. Assessment of performance through a robust and interactive PMS procedure, identifying Learning needs through the structured training need identification process, Career Counselling and Skill Development Programs are some of the initiatives adopted by your Company. Training programs are designed to enhance skills, knowledge and behaviour. Employees are motivated through empowerment and rewarded for good performance. Adoption of 5S across the Company has led to a clean and healthy environment. Your Company has achieved an India benchmark employee engagement score of 81 in the engagement survey 2023 conducted by an external Independent Agency which is conducted every alternate year. In the FY 2025 your Company also conducted an internal survey of HR processes in which all the processes were rated in the maintained category.

This year your company has participated in the 15th CII National HR Excellence Assessment and has been awarded with prestigious "Prize for Distinction in HR Excellence", the only company in the country to achieve this accolade five times in a row. Your company also won the prestigious Annual Kirloskar Icons award in the category "Excellence" for the consistent HR performance and benchmark employee engagement.

Your Company has 853 permanent employees and workers on its rolls as on 31st March, 2025.

26. ACKNOWLEDGEMENT

The Directors wish to convey their appreciation to all employees for their individual efforts and collective contribution to your Company's performance in the rapidly changing environment. The Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers and all other stakeholders for their continued support and confidence in the management of the Company.

For Kirloskar Pneumatic Company Limited

sd/-
Rahul C Kirloskar
Executive Chairman
DIN 00007319

Date : 24th April, 2025
Place : Pune

ANNEXURE "1" TO THE BOARD'S REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

and

Pursuant to Regulation 24A of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Kirloskar Pneumatic Company Limited,
Hadapsar Industrial Estate, Pune – 411013.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kirloskar Pneumatic Company Limited, CIN L29120PN1974PLC110307** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information and explanation provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2025** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2025** according to the provisions of:

i. The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings wherever applicable;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2018 **(not applicable to the Company during the audit period)**;

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(not applicable to the Company during the audit period)**;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulation, 2021 **(not applicable to the Company during the audit period)**; and

h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 **(not applicable to the Company during the audit period)**

vi. We further report that having regards to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

We have also examined compliance with the applicable clauses and regulations of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Listing Agreement entered into by the Company with Stock Exchange pursuant to Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments thereto.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The meetings which were conveyed at a shorter notice, wherein one Independent Director was present.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be. The decisions taken by way of passing circular resolutions, by the Board and Committees were with requisite majority.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except following:

1. During the Financial Year 2024-25 the Company has allotted 1,24,300 equity shares to its employees under the Kirloskar Pneumatic Company Limited – Employee Stock Option Scheme (KPCL – ESOS 2019).

2. The Company has acquired 55.26% equity shares of Systems & Components (India) Private Limited (S&C) bearing CIN U74210MH1989PTC054107 on December 4, 2024 pursuant to the Share Purchase and Share Holders' Agreement (SPSHA). As a result, S&C has become subsidiary of KPCL with effect from December 4, 2024.

For SVD & Associates
Company Secretaries

Sd/-
Sridhar Mudaliar
Partner
FCS No: 6156
CP No: 2664

Unique Code of the Firm: P2013MH031900
Peer Review number: 6357/2025
UDIN: F006156G000177503
Place: Pune
Date: April 24, 2025

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE A

To,
The Members,
Kirloskar Pneumatic Company Limited,
Hadapsar Industrial Estate, Pune-411013.

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. We have physically verified the documents and evidences and also relied on data provided on electronic mode to us.

5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For SVD & Associates
Company Secretaries

Sd/-
Sridhar Mudaliar
Partner
FCS No: 6156
CP No: 2664

Unique Code of the Firm: P2013MH031900
Peer Review number: 6357/2025
UDIN: F006156G000177503
Place: Pune
Date: April 24, 2025

ANNEXURE "2" TO THE BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2024-25

1. A brief outline on CSR Policy of the Company:

The focus of CSR activities will be on Education, Environment and Health.

While devising projects, care would be taken to promote education, health and sanitation, protect the environment and minimize adverse impact, if any, on the society at large.

The Company shall spend at least two percent (2%) of the average net profits, calculated in accordance with the provisions of the Companies Act, 2013 and Rules thereunder, made by it in three immediately preceding financial years, in every financial year.

2. Composition of CSR Committee:

The Corporate Social Responsibility Committee consists of:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr Rahul C Kirloskar	Executive Chairman (Chairman of CSR Committee)	1	1
2	Mr K Srinivasan	Managing Director (Member of CSR Committee)	1	1
3	Mrs Nalini Venkatesh	Independent, Non-Executive Director (Member of CSR Committee)	1	1
4	*Mr Sunil Shah Singh	Independent, Non-Executive Director (Member of CSR Committee)	1	1

Note : * Ceased to be an Independent Director and member of the Committee with effect from 23rd July, 2024.

3. Web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on website of the Company:

Composition of CSR Committee

https://www.kirloskarpneumatic.com/documents/174996/2466585/Composition+of+various+Committees+of+Board+of+Directors.pdf/b3dd9a92-419a-75b1-3c1f-e4429056b2a1?t=1743655707334

CSR Policy approved by the Board

https://www.kirloskarpneumatic.com/investors/company-policies

Projects approved by the Board

https://www.kirloskarpneumatic.com/csr/csr-programs-approved-by-the-board

4. The executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

5. Details of Net Profit and CSR obligation for the Financial Year 2024-25:

		₹ in Million
a	Average net profit of the Company as per sub-section (5) of Section 135	1,398.29
b	Two percent of average net profit of the Company as per sub-section (5) of Section 135	27.97
c	Surplus arising out of the CSR projects or Programmes or activities of the previous financial years	Nil
d	Amount required to be set off for the financial year, if any	Nil
e	Total CSR obligation for the financial year [(b)+(c)-(d)]	27.97

6. Details of amount spent on CSR Obligations:

		₹ in Million
a	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	28.00
b	Amount spent in Administrative Overheads	Nil
c	Amount spent on Impact Assessment, if applicable	Nil
d	Total amount spent for the Financial Year [(a)+(b)+(c)]	28.00

e CSR amount spent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
28.00 Million	Nil			Nil	

f Excess Amount for Set off, if any

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 27.97 Million
(ii)	Total amount spent for the Financial Year	₹ 28.00 Million
(iii)	*Excess amount spent for the Financial Year [(ii)-(i)]	Nil
(iv)	*Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	*Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

Note : *The excess amount spent on CSR is not intended to be set off in succeeding financial years.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Not Applicable

1	2	3	4	5	6	7	8
Sl No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (In ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (In ₹)	Amount Spent in the Financial Year (In ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to Sub-section (5) of Section 135, if any	Amount remaining to be spent in succeeding financial years (In ₹)	Deficiency, if any
1	FY 2023-24						
2	FY 2022-23						
3	FY 2021-22						

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If yes, enter the number of capital assets created / acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Sl. No.	Short particulars of the property or asset(s) (Including complete address and location of the property)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details on entity / Authority / beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered Address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office / Municipal Corporation / Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub-section (5) of Section 135: Not Applicable

For **Kirloskar Pneumatic Company Limited**

Ramesh Birajdar
Vice President & Chief Financial Officer

K Srinivasan
Managing Director
DIN 00088424

Rahul C Kirloskar
Executive Chairman & Chairman of CSR Committee
DIN 00007319

Date : 24th April, 2025
Place : Pune

ANNEXURE "3" TO THE BOARD'S REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo [Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY

i. The steps taken or impact on conservation of Energy:

Total 22 Nos. ENCON projects implemented by using new technology, by waste elimination, by reuse and recycling in different areas like power, process, lighting and natural resources. Some of the projects are as under:

a. Continuous projects

- Isolation of 1500 kVA transformer from HT side and hence saving in transformer losses at Saswad plant.
- Continuously monitoring and maintaining Power factor to reduce distribution losses.
- Monitoring compressed air leakages and stopping of compressed air leakage for energy conservation.
- Transformer of 1 MW Gear box testing to put off during no load and holidays.
- Switch 'OFF' power transformer T5- 1,500 kVA and T8 - 1,600 kVA at no load condition at Hadapsar.
- Proper utilization of stress relieving and heat treatment furnaces to get energy efficiency by improving on net weight loading and TOD tariff.
- Switching off machines during lunch & tea time.
- Timer controlled switching ON / OFF of street light.
- Use of dry type paint booth to eliminate water consumption for painting operation.
- Use of energy efficient LED lights, energy efficient motors at shop floor and office area, street light in all divisions.
- Timer based operation of domestic water circulation pump at Hadapsar Plant.
- Saving in water consumption by maintaining water filtration plant at Saswad Plant.

b. Process improvement projects

- Testing process improvement resulted in Isolation of 4.5 MVA transformer from HT side and hence saving in transformer losses at Saswad plant.
- Reduction in tempering process temperature from 640 degree centigrade to 600 degree centigrade during heat treatment.
- Optimize the DG Set operation to reduce fuel consumption by 18%.
- Use of small baffle furnace for shrink fit instead of pit type 1 ton capacity furnace.
- Use of modified heat treatment cycle for ferritization annealing process resulting in heating temperature reduction from 930°C to 730°C.
- Synchronising of 5 nos. compressors to reduce energy consumption.
- Use of direct heating instead of indirect heating system on Phosphating plant and improve heat transfer efficiency.
- Multiple crank case loading at Phosphating plant.
- Reduction in air grid pressure by 0.5 bar of compressed air at foundry compressor to achieve energy saving.
- Process improvement in cycle time reduction by 1.5 hrs at heat treatment carburizing furnaces.
- Use of face driver attachment for all type of centre shaft for turning operation.
- Improvement in net weight loading percentage of heat treatment furnace by fixture modification.
- Process modification for HP cylinder and gear housing machining operation at Air Compressor Division.

c. New Technology

- Use of 5 MVA 11 kV MV Drive VFD Panel to reduce starting current & improve PF of HT skid testing.
- Energy saving by Use of VFD & pressure transmitter for water pumps.
- Energy saving at 75 TR Chiller Motor controlled by VFD.
- Replacement of Diesel forklift with Toyota electrical forklift for material handling to reduce scope -1 emission.

- Power factor improvement by installation of 275 KVAR Hybrid with 50 KVAR SVG panel at Hadapsar and 1025 KVAR SVG Based APFC Panel at Saswad to improve Power Factor above 0.995.
- Use of Energy efficient Evaporative cooling with BLDC fan for air cooling for air end assembly shop.
- Installation of thyrister base APFC and active harmonics filter to improve power factor from 0.917 to 0.999.
- Use of 22 nos. 60 W AC fan by 32 W AC energy efficient BLDC fans.
- Installation of energy efficient direct drive compressor KRC-4 at 75TR AC plant instead of belt drive low speed KCX-4 compressor.
- VFD based control panel with pressure transducer for controlling pressure of water circulation of induction furnace.
- Use of Energy Monitoring System (EMS) at Saswad and Hadapsar Plant.
- Use of Human Sensor for office lightening & of AC saver.
- Use of SCADA and thyrister controlled PID base control panel for heat treatment furnace.

d. Waste elimination

- Use of VFD to control in place of damper control for setting to vary suction flow rate for gamma and Knockout machine dust collector.
- HT furnace F6, F14 & F17 heat insulation to reduce heat loss through surface and to improve specific energy consumption at heat treatment shop.
- Oil and cost saving by Automatic chip centrifuge to recover oil from hobbing chip and improve oil recovery efficiency.
- Reduction in specific energy consumption of HT furnace for carburizing and hardening process from 728 kWh/Ton to 697 kWh/Ton by implementing various ENCON projects.
- Reduction in Waste oil generation from operation from 10,500 liters to 4,620 liters by reuse after filtration.
- Use of day light sheet for use natural sunlight for illumination in foundry and briquetting shop during day shift working.
- Elimination of 500 kVA (T2) transformer by optimising the load on T4 transformer hence saving in transformer losses.
- PLC based Automatic cycle instead of manual contactor logic for sand conveying system to avoid idle running of electrical equipment at HL6 and PV6 units.
- Loading of non VFD compressor and switching off VFD compressor during irregular demand as motor is switched off after unloading to achieve energy efficiency at Saswad.
- Saving in cutting oil consumption by reusing recovered oil of 59.34 KL from hobbing burr and grinding dust at Hadapsar. Also reused 10.27 KL testing oil of compressor after filtration, at Saswad. Total oil recovered and reused is 69.61 KL.
- Use of MS turning burr and metal scrap for making new casting at ferrous foundry. Total of 165.4 Tonnes of metal scrap is reused to make new ferrous casting. Conversion of Aluminium turning burr for production of Pistons in Non-Ferrous Foundry. Total of 4.9 Tonnes of aluminium burr is reused to make Aluminium casting.
- Change in pump operating system to avoid unnecessary pump operation at central pump house.

As a result of steps taken, your Company avoided 1,545.2 Tons of CO_2 emissions & reduced natural resources consumption like water, oil, Aluminium and casting significantly. Use of inverter based energy efficient air conditioners, High Bay LED based lighting systems and LED lighting systems at office area and street lights created positive impact on employees and elicited a good response.

ii. Steps taken by the company for utilizing alternate sources of energy:

During the year under review, your Company used 680 kWp AC rooftop solar PV plant which was operational at the Saswad facility. Additionally, 300 kWp and 800 kWp solar plants were installed at the Saswad and Hadapsar facilities respectively, and became operational in February 2025. Collectively, these plants generated 1,307.07 MWh of electricity, fulfilling 7.69% of the total energy requirement for FY 2025.

iii. The capital investment on energy conservation equipments:

Company has made capital investment of ₹ 76.47 Million on energy conservation equipments and technologies adoption for the energy efficiency improvement projects.

B. TECHNOLOGY ABSORPTION

i. Efforts made towards technology absorption:

a. Prototyping of screw compressor, KGS-1000, for biogas compression application is completed.

b. Development of an oil-free bare screw compressor/ expander for cooling application is in progress.

c. Design and development of a water-injected, air, screw compressor is in progress.

d. Completed development of the entire Khione series of ammonia screw compressors.

e. Developed diesel-portable, screw compressors for mining and drilling purposes. Field trials are in progress.

f. The design of a refrigerant centrifugal compressor is completed, while component-level testing is in progress.

g. Initial performance testing of the two-stage, air, centrifugal compressor (A-800) has been completed.

h. Development of the KRM-1750, Railway Brake compressor is completed.

i. Development of semi-hermetic refrigeration reciprocating compressors is in progress.

ii. Benefits derived like product improvement, cost reduction, product development or import substitution:

a. The refrigerant centrifugal compressor and water-injected air screw compressor is being developed to promote import substitution and reduce costs.

b. To reduce dependencies on imports, the development of oil-free, air, screw compressor/ expander is in progress.

c. Improvement in the existing products are being achieved through the development of diesel-portable screw compressors.

d. Newer markets for the Centrifugal compressors are being targeted with the development of two-stage, air, centrifugal compressors (A-800).

e. Recently developed Khione series screw compressors are being delivered to a new market of ammonia refrigeration.

iii. Imported technology (imported during the last three years reckoned from the beginning of the financial year): NIL

iv. Expenditure incurred on Research and Development: ₹ 188.33 Million

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earning earned during the year : ₹ 1,239.44 Million

Foreign Exchange Outgo during the year : ₹ 1,817.42 Million

ANNEXURE "4" TO THE BOARD'S REPORT

Disclosure Pursuant to Section 197 (12) of the Companies Act, 2013 and the Rules made thereunder

A. Information as per Section 197 (12) and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

i) & ii) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each Director & KMP in the financial year:

Sr. No.	Name of the Director / KMP and designation	% Increase in Remuneration in the FY 2024-25	Ratio of remuneration of each Director / to median remuneration of employees
1	Mr Rahul C Kirloskar, Executive Chairman	13.51	99.21
2	Mr K Srinivasan, Managing Director	Nil	39.25
3	Mr Atul C Kirloskar, Non-Executive Director	350.00	6.02
4	Dr Ajay Dua, Independent Director	1.95	3.21
5	Mrs Nalini Venkatesh, Independent Director	Nil	1.31
6	Mr Tejas Deshpande, Independent Director	10.11	2.85
7	Mr Pravir Kumar Vohra, Independent Director	Nil	2.01
8	*Mr Bimal Manu Tanna, Independent Director	NA	NA
9	*Mr Deepak Bagla, Independent Director	NA	NA
10	**Mr Sunil Shah Singh, Independent Director	NA	NA
11	**Mr G Krishna Rao, Independent Director	NA	NA
12	Mr Mahesh Chhabria, Non-Executive Director	5.00	1.64
13	***Mr Ramesh Birajdar, Vice President and Chief Financial Officer	NA	NA
14	Mr Jitendra R Shah, Company Secretary & Head Legal	63.70	NA

Notes:

1. Liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole hence the amount pertaining to Key Managerial Personnel cannot be ascertained separately and hence is not included above.
2. * Details not given as Mr Bimal Manu Tanna and Mr Deepak Bagla were Directors for the part of the financial year 2024-25 i.e. w.e.f. 22nd July, 2024.
3. ** Details not given as Mr G Krishna Rao and Mr Sunil Shah Singh were Directors for the part of the financial year 2024-25 i.e. upto 22nd July, 2024.
4. ***Mr Ramesh Birajdar - Vice President - Corporate Finance took over as Vice President and Chief Financial Officer & Key Managerial Personnel (KMP) effective from 2nd January, 2024.

iii) In the financial year, there was an increase of 6.31% in the median remuneration of employees.

iv) There were 853 permanent employees on the rolls of Company as on 31st March, 2025.

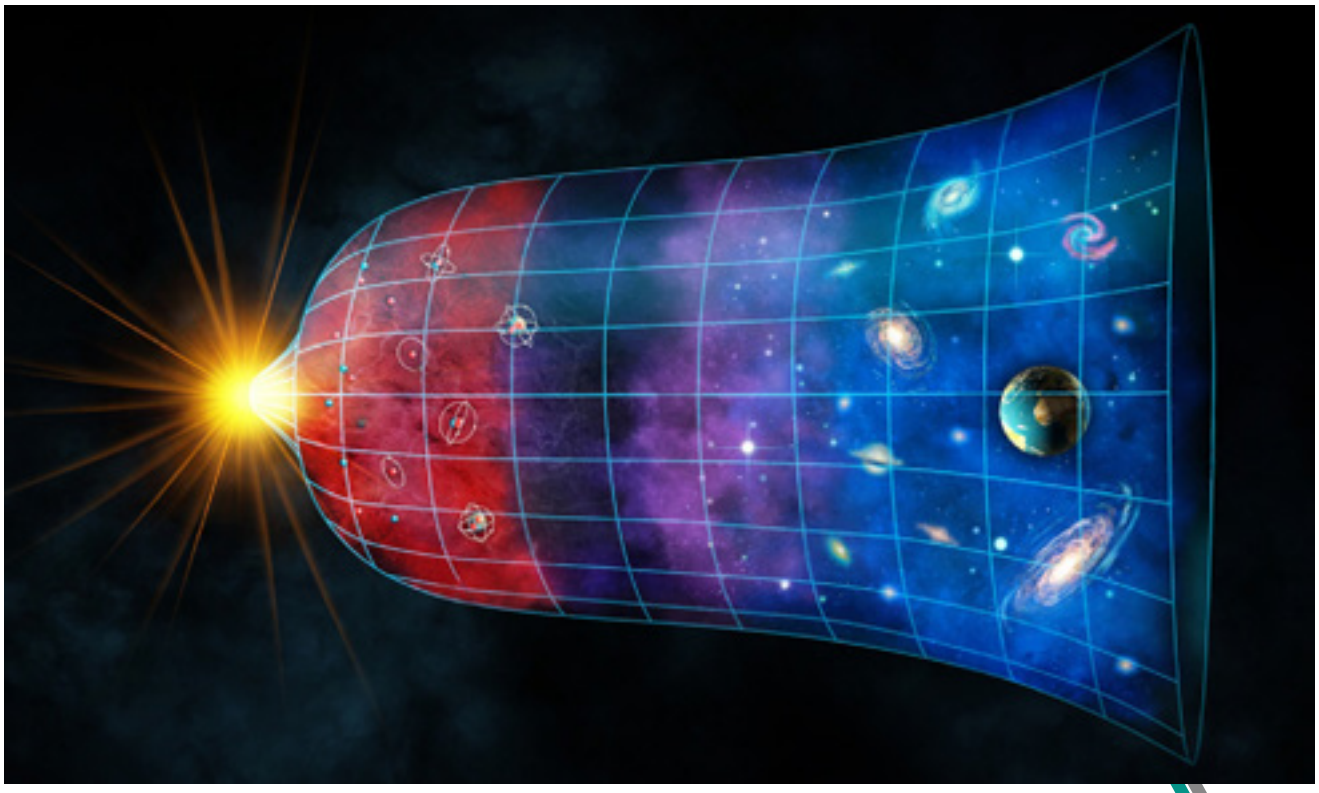
v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2024-25 was 7.58% whereas average percentage increase in the managerial remuneration is Nil.

vi) The Board affirms that the remuneration is as per the Nomination and Remuneration policy of the Company.

Management discussion and analysis

From Singularity to Continuous Growth and Expansion

The Big Bang theory on the Origin of the Universe as first proposed by Georges LeMaitre who determined if the universe is expanding and cooling, it must have been compacted and hot in the past. Evidence supporting the big bang theory includes the Hubble-LeMaitre law. The Universe emerged from a hot and dense singularity in a rapid expansion and cooling process that continues till this date – for over 13.8 billion years now!



Kirloskar Pneumatic Company Limited ("KPCL") too started as a single product company many year's back at one location; one small plant. And today it is rapidly expanding with multiple plants, diversifying into new products, new markets and new geographies. It continues to grow, providing Cooling for its customers; providing cleaner energy options and generally making things bigger, better and productive. Handling Pressure profitably remains our ethos.

As with the expanding universe governed by its laws; we too at KPCL have a strategic architecture that governs and controls our successful expansion – in scale and size. What are the KPCL 'laws' of growth?

1. Focus on Compressors and Compression systems for Air, Refrigeration and Gas. That's the core domain that we seek to work on.
2. Growth based on building sustainable competitive advantage that are unique and valuable to our customers.
3. Leadership in innovation, manufacturing excellence and cost competitiveness.
4. Focus on the domestic market to achieve scale. Aspire for global presence later.
5. Be the employer of choice having the largest number of engineers in this industry.

How Do We Implement Our Laws of Growth

1. Building the best suite of product offerings to our Customers

In Air Compressor Division: Be it the best in class Tezcatlipoca range of centrifugal compressors; the Aria range of cost competitive Screw compressors based on frugal engineering, be it the workhorse Reciprocating compressor systems for LPG, Air separation, material conveying or for Shop air; be it the ubiquitous Screw.

In Refrigeration compression: The only Indian company that builds a range of Refrigeration compressors – be it the Ammonia refrigerant reciprocating compressors for the cold chains, Ice plants and dairies; the Khione range of Screw compressors that can work on a range of refrigerants, the Tyche semi-hermetic compressor etc. We build refrigeration packages as well as assist local OE's to build packages with our compressors.

In the Gas compression space: We have the widest range of gas compression packages with multiple compressor offerings; with Ariel compressors for the Upstream, Midstream and Downstream plants; with the Kirloskar KG series for on line gas stations and with the Calana boosters for the off-line. The newer asks in the space of Hydrogen compression as well as Biogas compression are met with PDC LLC and Jarilo compressors respectively.

2. **Offering Engineered solution best suited for each customer needs**

With over 200 engineers and the most modern design and engineering software we offer customised solution that are best suited for each application. The packages are designed, built, tested, installed and maintained by our team (in most cases). Near 80% plus of all our business is from 'Built to order' showing the high level of customisation.

3. **Innovation**

We file 20 IP's a year. The whole process of identifying needs, building unique offerings, registering the Design / IP is an evolved process that allows us to offer superior products and services to our customers on an ongoing basis. This ensures that the company is not dependent on acquiring know-how but can create its own products.

4. **Owning the value-chain**

Manufacturing in most cases had moved to 'sourcing' and assembly – at best. Here the compressor industry has today a supply chain of over 7000 Km and more. Key elements like Rotors for Screw compressors, Impellers etc., are all imported. At KPCL, we design, we Forge, fabricate, cast, machine, grind and assemble all our compressors – in-house. Our supply chain at best is across our 3 plants at Nashik, Saswad and Hadapsar – within 200 Km!

This gives us a better handle on costs, time / speed of execution and customisation.

5. **Technology**

At KPCL, most of our compressors and compression systems are 'smart machines' – they help customers to operate and maintain them better. Manufacturing plants are all with modern connected machines; working on Industry 4.0 practices; digitalisation across all functions have made the processes seamless and predictable.

6. **People process**

At KPCL, we are proud of our team. The recognition of the robustness of our HR process comes from our winning the CII - HR Excellence award for 5 years in a row with a score of over 600. We have a strong L&D process that allows us to develop and nurture talent ideal for our business, with attrition rates in single digit – lowest in this area and industry – we continue to work to become the employer of choice.

7. **Governance**

At KPCL, the bed rock of all our activities is our Values. We live by it in all that we do.

Our Values

- **Excellence:** In everything we do, quality without compromise.
- **Integrity:** Say what we do and do what we say.
- **Collaboration:** We grow with people and partners.
- **Empathy:** We always listen and learn.
- **Value Creation:** We're building for a shared prosperous future.
- **Innovative Thinking:** Be bold and brave and stay relevant.

Investor communication, high standards of disclosures and transparency, conservative financial management and strict adherence to law are consistently practiced.

As with the expanding universe, so too will KPCL grow – surely, consistently and predictably.

Economic Overview

Global Economic Overview and Outlook

After enduring a prolonged and unprecedented series of shocks, the global economy appeared to have stabilised, with steady yet underwhelming growth rates. However, the landscape has changed as governments around the world reorder policy priorities and uncertainties have climbed to new highs. Forecasts for global growth have been revised markedly down compared with the earlier outlook, reflecting effective tariff rates at levels not seen in a century and a highly unpredictable environment. Global headline inflation is expected to decline at a slightly slower pace than what was expected earlier.

Intensifying downside risks dominate the outlook, amid escalating trade tensions and financial market adjustments. Divergent and swiftly changing policy positions or deteriorating sentiment could lead to even tighter global financial conditions. Ratcheting up a trade war and heightened trade policy uncertainty may further hinder both short-term and long-term growth prospects. Scaling back international co-operation could jeopardise progress toward a more resilient global economy.

At this critical juncture, countries should work constructively to promote a stable and predictable trade environment and to facilitate international cooperation, while addressing policy gaps and structural imbalances at home. This will help secure both internal and external economic stability.

The anticipated shift in global trade and tariff policies, following the US imposition of trade barriers, has unsettled the emerging markets, including India. However, India has built defences to combat global shocks. Healthy growth, low CAD and external public debt and adequate forex reserves provide policy flexibility, but do not insulate the country from adverse global developments.

Indian Economic Overview and Outlook

The global trade landscape is undergoing significant transformation, marked by a rise in protectionist policies. With the current uncertainty around reciprocal tariffs and shifting trade dynamics, it remains to be seen how the situation will stabilise. Despite these headwinds, India will remain resilient. India, the fastest-growing major economy in the world, has a strong domestic demand accounting for nearly 80 percent of its GDP—primarily consumption and investment. The country is on track to become the world's third-largest economy by 2027, fueled by a rapidly expanding consumer base. By 2030, an estimated 140 million households are projected to join the middle class and 20 million are expected to enter the high-income segment. This shift will drive spending on essentials to increase by 2–2.5 times and spending on services by 3–4 times, with total consumer expenditure anticipated to rise from US $ 1.9 trillion to US $ 5.2 trillion.

At the same time, India has made significant investments in infrastructure over the past decade, focusing on expanding and modernising its physical assets. Given the strength of its domestic economy, India is well-equipped to withstand external trade disruptions. The country has steadily built a robust foundation that positions it for continued growth—regardless of volatility.

The Indian economy is expected to grow in the mid-6% range in FY 2026, supported by strong domestic consumption, a more accommodative monetary policy stance and sustained public and private investment activity. Private consumption is projected to strengthen further due to lower inflation, income tax relief measures and improving labour market conditions. Public infrastructure spending will remain elevated, complemented by a revival in private sector capex across manufacturing, renewable energy and services sectors. Over the medium term (FY 2027 and FY 2028), growth is anticipated to remain in the 6%–7% range annually, underpinned by high infrastructure investment, expanding private sector activity, robust domestic consumption and a resilient services sector. Structural reforms, digitalisation and improvements in human capital are expected further to reinforce India's medium-term growth prospects despite external uncertainties.

Manufacturing showed a gradual recovery after a weak start, supported by strong domestic demand, rising capacity utilisation and investments under the government's Production-Linked Incentive 'PLI' schemes. Public capital expenditure remained a key growth catalyst, with the Union Government's capex allocation rising to 3.4% of GDP, focused on infrastructure sectors such as roads, railways and energy. Overall, India maintained its position as one of the fastest-growing major economies, driven by domestic fundamentals amid a challenging global environment.

In fiscal 2026, growth will be supported by easing monetary policy and government measures to boost private consumption. The budgeted 10.1% increase in government capital expenditure (capex) will also be supportive.

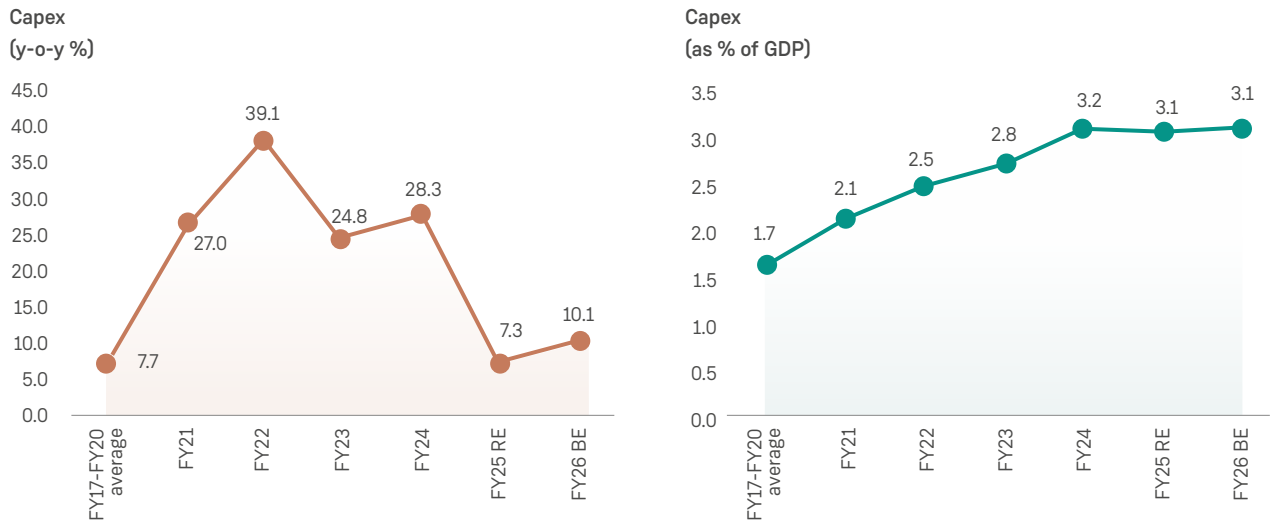
The government's post-pandemic strategy of providing extraordinary support to investments via budgetary spending has paid off, with fixed investments the key driver of GDP growth until fiscal 2024. Now, there is a greater shift in policy strategy towards incentivising private corporate investments. While central government capex remains supportive, the focus should also be on reducing cost and time overruns. As of December 2024, 63.7% of central sector projects totalling ₹ 150 Crore and above had time overruns, higher than the 29.8% of projects on time and 41.1% of projects faced cost overruns. Here, creating a pipeline of shovel-ready projects and better co-ordination with states will help get the best bang for the buck.

Reducing time and cost overruns will be critical for meeting the capex target. As per the revised estimates, the central government missed its capex target for fiscal 2025 by 8.3%. State capex has also lagged in fiscal 2025. During the first nine months of fiscal 2025, capex of 16 major states stood at ₹ 4 lakh Crore, which is 47.4% of the budget target.

With the government normalising capex, it is time for the private sector to take the lead in furthering the investment momentum. The ability of private corporates to invest is supported by their deleveraged balance sheets, the healthy balance sheets of lenders and turning of the interest rate cycle. The government is also taking steps to encourage investments by the private sector. Total allocation for the PLI schemes is budgeted to rise 87% on-year in fiscal 2026, particularly in sectors such as electronics, textiles, automobiles and components. Efforts at deregulation will help, too.

Corporate investments will increase gradually as the government has taken steps to address domestic demand and ease conditions for the private sector to invest, amid heightened global uncertainty. The share of private corporate investment in total fixed investment saw a sustained decline to 34.4% in fiscal 2024 from its peak of 41% in fiscal 2016, following a steady climb from ~33% in fiscal 2012. A revival in private corporate investment will need to be accompanied by faster growth in machinery and equipment (or capacity addition) and intellectual property creation (or innovation). The nature of private corporate investment has also seen a shift in recent years, which the Economic Survey 2023-24 notes as an 'unhealthy mix' (see box: 'Changing trend in private corporate investment').

Centre's capex as a percentage of GDP has been maintained in fiscal 2026



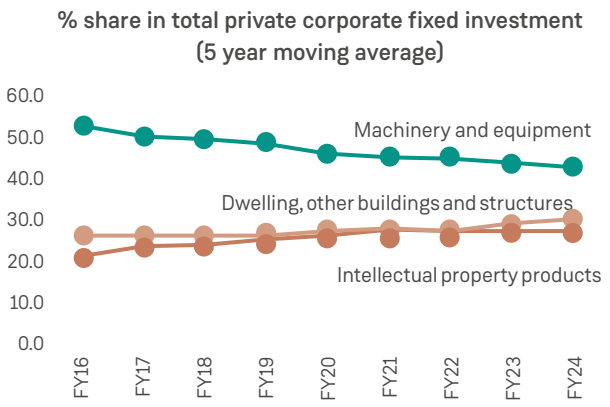
RE-revised estimates; BE-budget estimates

Source: Budget documents, CEIC, Crisil

Indian Economy Outlook

Over a seven-year period (fiscals 2025-2031), we expect India to sustain average GDP growth of 6.7%. This, over a similar growth rate seen in the pre-pandemic decade 2011-2020, is expected to compound the gains for the economy. Corporate India's revenue growth is expected to improve to 7-8% on-year in fiscal 2026 vs ~6% in fiscal 2025, closing in on the decadal average of ~8% growth as seen during fiscals 2016 and 2025. This will be led by healthy growth in consumption sectors such as organised retailing, fast-moving consumer goods (FMCG), consumer durables, airlines and two-wheelers. In industrials, revenue growth momentum will sustain on the back of auto components and chemical industry. Auto component revenue is forecast to grow 10-12%, the same pace as in fiscal 2025, owing to healthy demand from original equipment manufacturers (OEMs), followed by replacement and export markets. Chemical sector revenue growth will increase a moderate ~100 bps to 9%, driven by a shift in global supply chains, domestic demand and proximity to the Middle East's petrochemical feedstock.

Changing trend in private corporate investment



Source: NSO, Crisil

Company Overview

Kirloskar Pneumatic Company Limited (KPCL), established in 1958* by the late Shri Shantanurao Kirloskar, is a key part of the Kirloskar Group. The Company operates across a broad industrial spectrum, delivering engineered solutions for sectors including oil and gas, steel, cement, food and beverage, railways, defence and marine.

KPCL's operational framework includes advanced manufacturing units located in Hadapsar, Saswad and Nashik. These facilities enable the production of high-precision equipment such as screw, reciprocating and centrifugal compressors, along with gears and pinions. With one of the most modern machine shops in the country, the Company continues to adopt Industry 4.0 technologies including Industrial IoT, digital tracking systems and automation to optimise throughput and quality.

As of FY 2025, KPCL have customers in over 30 international markets. The Company is actively expanding its reach in strategic regions including the Middle East, South East Asia, Indo-China and parts of Africa, targeting both products and turnkey projects to drive export growth.

Operational support is delivered by a nationwide network of service engineers, ensuring reliable performance across customer installations. In line with its strategic priorities, KPCL signed a Share Purchase and Share Holders' Agreement to acquire a majority stake (55.26%) in Systems & Components (India) Private Limited, a move aimed at augmenting its technological and manufacturing capabilities. Additionally, an agreement with Universal MEP Projects and Engineering Services Limited (UMPESL) was executed to serve specialised demands of the textile sector.

The Company is structured into two reportable segments: Compression Products and Others (non-reportable). This segmentation supports its targeted approach to business development and market expansion.

*Erstwhile KPCL founded in 1958 and merged with KG Khosla Compressors Limited in 2002 and then name of the Company changed to KPCL.

Industry Structure and Developments, Segment Analysis, Risks and Concerns, Opportunities and Threats and Outlook

Compression Products

The strong domestic and international demand across multiple industrial sectors creates a favourable growth environment for all of the business verticals of the Company. The Company's reputation for developing a plethora of innovative products that are able to specifically cater to the needs of the Indian market is an add-on advantage for them.

Additionally, the steady advancements in its products ensure that they meet the highest quality and reliability standards. The shift in the global energy landscape, driven by environmental and political factors, acts as a driver for the Company's growth. These positive market trends in place, provides the Company a perfect platform to expand its activities and continue to develop a successful trajectory.

Air Compressor Business

The Company operates a diversified portfolio within its Compression Products segment, comprising air compressors, refrigeration compressors and gas compression systems. The air compressor segment, in particular, continues to be a key growth driver, supported by the Company's ability to deliver solutions across industrial applications including power tools, process automation, pneumatic systems and energy infrastructure.

The global air compressor market is projected to grow at a CAGR of 5.6%, with strong demand expected from Asia-Pacific and African regions. KPCL is well-positioned to benefit from this trend through its broad product range and enhanced in-house manufacturing capabilities[1].

The Company offers three major compressor technologies—Screw, Reciprocating and Centrifugal—each tailored to specific industrial needs. The introduction of proprietary product lines such as Tezcatlipoca (centrifugal compressors), Aria-Atmos (screw compressors) and Jarilo (biogas compressors) has strengthened KPCL's value proposition. These launches support entry into newer applications and customer segments, particularly in energy transition-related projects.

[1]https://www.marketsandmarkets.com/Market-Reports/industrial-air-compressor-market-78986532.html#:~:text=The%20global%20industrial%20air%20compressor,5.6%20%25%20from%202021%20to%202026

Strategic initiatives-including indigenisation of key components such as screw rotors and centrifugal impellers, optimisation of production processes and reduced lead times-have improved cost efficiency and product performance. The exclusive sales agreement with Universal MEP Projects and Engineering Services Limited (a Voltas subsidiary) has opened additional distribution channels in the textile industry.

Additionally, the partnership with PDC Inc. (USA) has enabled the Company to address specialised applications such as hydrogen compression, expanding its scope in emerging energy solutions. The current order book reflects steady demand across both domestic and international markets, reinforcing the Company's competitiveness in a global landscape that includes several major multinational players.

The air compressor business ended the year on a strong note with record dispatches of the Tezcatlipoca centrifugal compressors. The sale of large reciprocating compressor packages to the fertilizer and chemical plants added to the sales growth. Overall order intake was strong, indicating a clear growth in market share. The air compressor business continues to be 20% of our overall sales.

Refrigeration Business

The global industrial refrigeration market was valued at approximately $20.9 billion in 2024 and is projected to reach around $32.25 billion by 2031, growing at a compound annual growth rate (CAGR) of 5.57% during the forecast period. Growth is being driven by increased demand for energy-efficient and environmentally compliant refrigeration systems, particularly in developing regions. The food and beverage sector in the Asia-Pacific region remains a key contributor to this demand[2].

The Company has maintained a strong position in this segment, supported by a proven track record in hydrocarbon-based refrigeration systems. These systems utilise a broad range of refrigerants, including propane, propylene, butane and blended hydrocarbons, enabling the Company to meet diverse customer and regulatory requirements.

The Company follows a comprehensive 'concept to commissioning' approach, allowing it to effectively address evolving environmental, quality and safety standards. It holds an estimated 60% market share in ammonia refrigeration compressors - a segment requiring specialised expertise and performance standards.

Further reinforcing its technical capabilities, the Company has made targeted investments in a dedicated in-house performance

testing facility for refrigeration compressors. This infrastructure supports product validation and compliance with industry norms.

The Khione Refrigeration package has shown steady growth in sales and the Company anticipates further expansion in this segment. The recent acquisition of Systems & Components (India) Private Limited is expected to enhance product integration and market access, further strengthening the Company's presence in the refrigeration domain.

During the reporting year, the Refrigeration Compression Segment grew strongly on the back of cold chains and ice plants, dairy industry, food processing, pharma, chemicals and fertiliser industries. This more than compensated for the marginal decline in the growth of the gas business. Bringing of Systems & Components (India) Private Limited as subsidiary into our fold further enhanced our offering to the growing market.

Your Company offers Refrigeration Packages for various processes in Oil and Gas sector, fertilizer, petrochemicals. Your Company is a leading manufacturer of Air cooled, Ammonia refrigerant based reciprocating compressors used in Cold rooms, Ice plants, Food processing, diaries, pharma etc. Your Company have now launched the Khione screw to strengthen its position in this space and to meet the requirement of larger plants. In addition to the above, your Company makes Vapour Absorption Chillers that are used where process Steam or hot water is available, primarily for cooling upto 10°.

[2]https://www.verifiedmarketresearch.com/product/industrial-refrigeration-market/

Process Gas Business

Process gas compressors are used in various sectors such as oil and gas, chemical and petrochemical. These are widely used in compressing gases such as natural gases, biogas, nitrogen, hydrogen and carbon dioxide, which is used in different types of industrial applications. Among the global region, the Asia-Pacific is expected to provide the momentum to this market because of the growing demand for natural gas in developing countries and the increase in chemical and petrochemical industries.

The business in this industry is recognised by the phrase 'Proven Track Record' (PTR) and with its robust design and engineering capabilities, this helps the Company to compete in the global market. The Company also has a remarkable market share in the oil and gas industry in India.

The process gas space continues to unlock new opportunities and challenges. While the sale of gas packages was slow and steady, the sale of CNG packages and Calana booster for gas distribution was in fits and spurts. We had periods of good order inflow, bad execution and vice versa. We continue to see a decline in commissioning of mother stations and a preference to put up daughter stations. This is clearly to comply with the coverage commitments that the gas companies have made and this is not a good sign for us. The booster compressor is a marginal business and we are reluctant to pick up more orders beyond the point. However, the new energy business both in hydrogen and biogas are growing, but it is yet to pick up significantly in terms of execution.

Sale of CNG packages to the MENA region is scaling up and this seems to be a new area of growth as countries in this area find it the quickest way to get energy to meet their growing economies. KPCL continues to operate and maintain near 1,000 odd filling stations across 15 states and the O&M business remains strong and growing.

Amongst the other products the Company also have several products for biogas. Your company have Jarilo range of compressors which can take biogas as it is generated from 0.5 bar and take it up to 250 bar to fill cascades or to fill into vehicles directly. Or we can even compress it and put it into pipelines or conveying to various places.

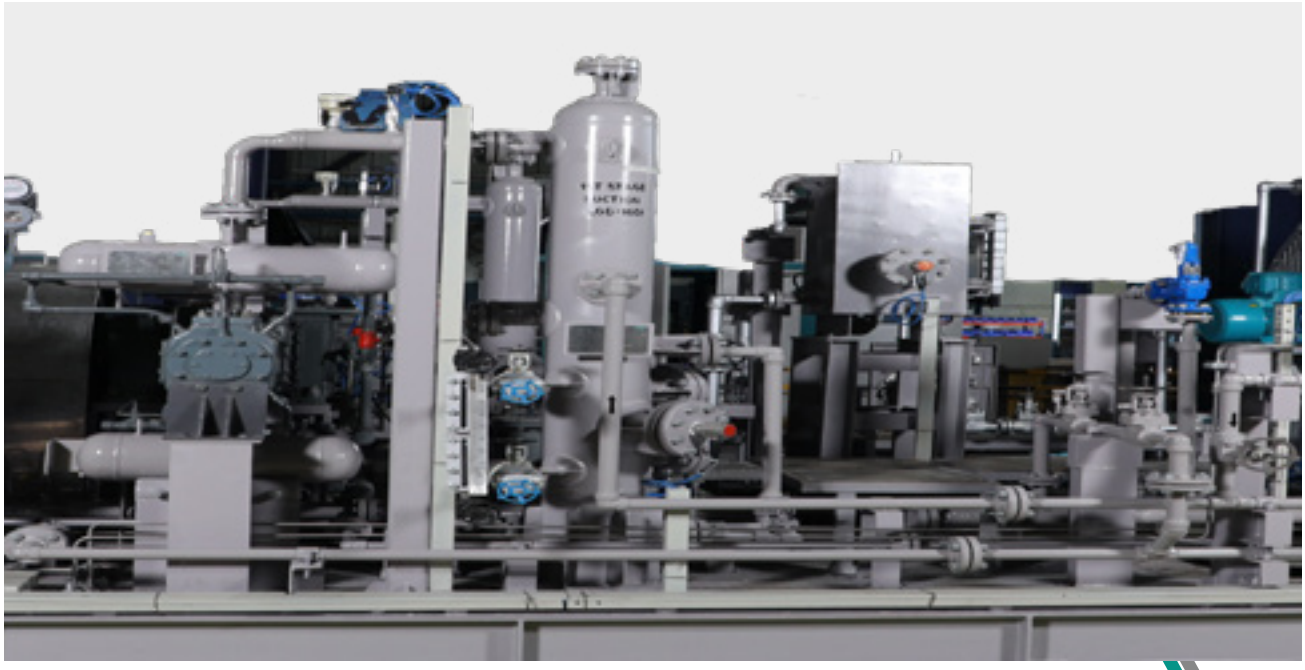
The Compression Segment contributes about 94% of the total revenue and is the only reportable segment.

Other Business

By offering gears to the Railways, the Company's Transmission Division demonstrates its expertise across a broad spectrum of gear and gearbox types, handling applications from sub-megawatt to higher megawatt power. Moreover, the Company also addresses demands in rail traction gears, marine gearboxes and the renewable energy sector (wind and hydro turbines). During the reporting year, KPCL achieved revenue over ₹ 1,000 Million from the transmission business.

Outlook

The economic outlook continues to be uncertain, less so in India. The general slowdown across geographies does have a sobering impact on all new projects and investments. Yet in all this, we seem to be in a sweet spot with several things going in our favor. We have a slew of launches, mostly replacing imports. We have good products addressing the growing market segments like dairy, pharma, chemicals and more in-house manufacturing that is continuously being set up, reducing both our cost and shortening delivery. The strong engineering capabilities to build customised solutions for many applications and industries helps us to meet the growing customised requirements of various customers. A large value of active quotes and proposal out there, as well as the highest ever order book at the beginning of year, both help to meet our growing aspirations.



The various capital expenditure projects currently underway, along with those planned for FY 2025–26, are expected to support the Company's ongoing growth momentum. A key strength of the Company lies in its engineering capabilities, led by a team of approximately 200 engineers. This capability is being further enhanced through the integration of advanced technologies, including deep tech, artificial intelligence (AI) and robotics, across its operations.

These initiatives are designed to broaden the Company's product offerings, improve operational efficiency and support its medium-term objective of reaching a revenue milestone of ₹ 2,000 Crore. Achieving this target is expected to further strengthen customer value delivery and position the Company for sustained growth.

Technological Overview

The Company's ability to develop highly customised products using in-house expertise significantly strengthens its design and development capabilities. The Company has implemented many cutting-edge technological solutions. Having a team of over 200 engineers in Design, Engineering and Research, the Company continues to develop new products and solutions for its customers.

During the year, the Company has received 23 IP's, filed 20 IP's, 4 papers presented in International Conference and had 2 international publications, as per the details below:

Particular	Filed in FY2024-2025	Granted in FY2024-2025
Patents	8	2
Trademark	11	11
Design	1	10
Research Publications in International Forum	NA	2

Following are the list of launches in the last few years by the Company:

- Jarilo – A Bio - gas Compressor
- Tyche – A Semi-Hermetic Compressor
- Khione – A Gas Screw Compressor
- Tezcatlipoca – A Centrifugal Compressor
- Calana – A Booster Compressor
- Aria – A Air Compressor
- Viteza – A Refrigeration Reciprocating Compressor

Value Chain Advantages

The Company's comprehensive range of in-house capabilities delivers notable advantages across its value chain. This is demonstrated by its foundry, which produces cast iron, SG iron and aluminum alloys and its extensive fabrication plant, facilitating the creation of base frames, pressure vessels and a diverse array of other structure.

Internal Control and Adequacy:

The Company has an Internal Control System, which is proportionate to the size, scale and complexity of its operations. All the internal controls are designed in a way which are well aligned with the evolving business needs, objectives and overall strategic direction.

The Audit Committee and the Board decided the scope of the internal audit. To maintain its objectivity and independence, an external auditor has been appointed by the Board, who reports to the Audit Committee of the Board at regular intervals.

The efficiency and adequacy of internal control systems in the Company is monitored and evaluated by the auditors, who ensure its compliance with operating systems, accounting procedures and policies for various functions of the Company. Based on this report, process owners undertake corrective actions in their respective areas and thus, strengthen the controls further. The observations, along with the corrective measures are then periodically presented to the Audit Committee of the Board.

In FY 2025, Internal Financial Controls laid down by the Board were tested for adequacy and effectiveness and no reportable weakness was observed. The Company has effectively implemented policies and procedures, which ensure proper and efficient conduct of its business.

These further certify the safeguarding of assets, prevention and detection of frauds and errors, accuracy and completion of accounting records and prompt preparation of reliable financial information. Statutory auditors have also attested to the adequacy of internal financial control systems with reference to financial statements.

Operating Performance:

During the year under review, your Company achieved a sale of ₹ 16,286.27 Million as compared to ₹ 13,226.20 Million in the previous year, an approximate growth of 23%. The growth in sales was mainly driven by higher domestic sales and increase in export sales. Your Company produced over 3,500 compressors during the year and this was a new record. The profit before tax grew from ₹ 1,778.75 Million to ₹ 2,806.53 Million, a growth over 57%. All businesses, air, refrigeration and gas compressors and compression systems did very well thereby your Company had all round growth during the year.

The EBITDA in the current year is at 18.99% of total income compared to 16.53% in the previous year.

The Company has no loans, neither term loans nor working capital loans. It is a debt-free Company. Financial charges are paid to banks for services not related to any borrowings. The ratio of net working capital-to-sales improved to 14.40% from the previous year's 19.90%, improvement is driven by higher customer advances and more favorable payment arrangement with suppliers. Receivables have marginal increase by 3 days from 86 days to 89 days primarily due to elevated Q4 sales and similarly, supplies outstanding have improved to 69 days from 86 days compared to the previous year attributed to improved payment terms with supplier. Your Company had a net cash position of about ₹ 3,356 Million as on 31st March, 2025, after paying final dividend of the previous year and interim dividend declared in the reporting year apart from the capex.

During the year, there were no significant variations (i.e. change of 25% or more as compared to the immediately previous financial year) in the key financial ratios such as Debtors Turnover, Inventory Turnover, Current Ratio, Interest Coverage Ratio. The Operating Profit Margin was improved to 19% from 16.5% and the Net Profit Margin was also improved to 12.8% from 9.9% as compared to previous year mainly due to execution of large packages and enhancement of export sales in the reporting year. As on the Balance Sheet date, your Company does not have any debt. As such Debt Equity Ratio is zero and variance to previous period is not applicable. As on 31st March, 2025, the Company's return on net worth improved to 23% as compared to 17% in the previous financial year resulting from increase in profit for the year.

Reaffirmed AA- credit rating by CRISIL with positive outlook. Dividend at the rate of 500% for the financial year ended on 31st March, 2025, which is the highest in any financial year. Your Company also completed one acquisition successfully during the reporting year and as a commitment to Environmental, Social and Governance ("ESG"), all our three factories have started using the solar energy to the extent of 30% of the total consumption.

Risk and Concern

Recognising the critical role of a strong risk management framework, the Company proactively addresses potential risks in a systematic manner. Understanding its exposure to various economic, legal, sectoral, ESG, human resource and operational factors inherent in its business, the Company employs a comprehensive risk management process. This process ensures ongoing awareness of risks related to product supply and project execution. Divisional risk management provides input to create a company-wide risk management matrix. A dedicated Risk Management Committee analyses the potential risks and formulates mitigation strategies.

For an elaborate risk management approach, refer to page numbers 44 and 45.

Safety, Health and Environment:

The Company prioritises safety, health and environmental sustainability through a range of initiatives. Regular safety audits and monthly monitoring ensure adherence to safe working practices, supported by a comprehensive safety organisation. Periodic health checks and counselling sessions and well-being programmes promote employee well-being, whereas virtual and physical awareness sessions foster a culture of healthy living and safe working conditions in the organisation. Flexible working hours and additional off days contribute to a healthy work-life balance. The strict PPE policies, work permit systems and regular safety training ensure the safety of all employees. The Company's commitment to emergency preparedness is evident through organisational-level response plans and regular drills. Additionally, employee training on Company values, code of conduct and human rights awareness underscores the Company's dedication to a safe, healthy and ethical work environment. The Company is one of the select Integrated Management System (IMS) certified entities, holding accreditation in ISO 9001, ISO 14001 and ISO 45001 standards. During the year, an external agency has conducted IMS recertification audit of your Company and recertified with the IMS certificate. Your Company is committed to comply with all statutory and regulatory requirements. Your Company has been making efforts in building awareness among employees, suppliers and service providers.

Your Company has given a lot of attention to improving greenery all around its manufacturing plants. Energy conservation initiatives, safety initiatives and quality initiatives are being taken on a regular basis to ensure sustainability.

Corporate Social Responsibility

Inspired by our founder Late Shri S L Kirloskar all our CSR initiatives are focused in the areas of Education, Environment and Health. CSR initiatives in your Company are planned, budgeted, implemented and reviewed regularly.

The Company has contributed an amount of ₹ 18 Million by way of contribution to Kirloskar Institute of Management for promoting higher management education.

Socio-economically challenged students from 7th and 8th Std. from 5 schools in the vicinity of Saswad Plant are supported for development through Bharari Initiative. The initiative that benefits 360 students was enhanced by adding scientific psychological assessments, counselling and guidance to students, teachers and parents in addition to life skills related activities throughout the year.

Your Company is supporting education of girls, by supporting daughters of workmen of Cold Storage Units from Uttar Pradesh, Uttarakhand, Punjab, Gujarat, Rajasthan and Madhya Pradesh. This unique CSR Initiative, named KaShi (Kanya Shiksha), is implemented by employee volunteers from Regional Offices of the Company in North and West in collaboration with respective State Cold Storage Associations. At present, 40 girl students were benefitted from this initiative.

To create awareness about mental health, relationships and issues related to adolescence, your Company's School Health Initiative, Releshani reached out to 1,400+ 9th, 10th and 11th Std. students from 14 schools and junior colleges through 28 workshops each of 1 to 3 day duration during this year.

Your Company is supporting 5 batches of 3-year residential diploma programmes in Mechatronics and Smart Factory, Electronics and Embedded Systems and Electrical and Electronics comprising of 155 socio-economically challenged students at NTTF facilities at Bengaluru, Dharwad and Pune. The selection criteria have ensured that deserving and needy candidates are selected. Coming from 10+ states across the country, 43% of these students are girls, 8% are orphans and 6% are having only mother as a single parent, demonstrating focus on gender diversity, inclusion and equity as a guiding principle for the initiative.

By facilitating water filtration and purification plants in last 3 years, the Company has played an important role in making clean and safe drinking water accessible to 37,000+ students from 31 school locations in the nearby vicinity of its factories and in the Ramnadi river basin.

Your Company is supporting various activities in 16 schools associated with Ramnadi Restoration Mission through its RRM School Initiative in addition to participating in an online Ramnadi Festival and other Kirloskar Vasundhara Initiative related activities. This year river restoration message reached out to 22,500+ students and teachers by way of wall paintings and competitions like essays, drawings etc. The Millets Festival characterised by awareness workshops, wall paintings and millets recipes competition lead to spreading awareness amongst 25,000+ and 3,750 students, parents and teachers from 5 schools in Hadapsar, Pune and 5 schools in Saswad, Pune respectively.

People Processes and Systems:

KPCL has been recognised with the "Prize for Distinction in HR Excellence" in the 15th CII National HR Excellence Assessment - 2024 for its human centric approach and strong people processes. This has resulted as recognition for a robust capability development, employee engagement, communication, rewarding culture in the organisation. This year the priorities of the organisation were building collaboration and succession planning of critical roles in the organisation. We started the year by defining very clear goals and priorities for each vertical in the HR function. During the year we imparted 5400+ training man-days covering more than 90% of our workforce through 140+ learning initiatives. Learning and Development programmes supporting the strategic objectives were designed and implemented during the year. This included Senior Leadership Development Programme, High Potential employees assessment and development, Product knowledge training series, focused learning interventions at regional offices, campus to corporate for budding engineers, Future leaders grooming, contract management, Finance for Non-Finance, team building, Leadership and Managerial Effectiveness, Project Management etc. There were strategic structural changes made during the year to synergise the operations and business teams across the Organisation. 3700+ rewards were given during the year through various reward schemes. Your Company has ensured 100% legal compliance to all applicable labour and factory statutory requirements. Your Company has also signed long term wage settlement agreement for 3.5 years ensuring cordial Industrial relations all the time and has zero man hour loss during the fiscal year.

The IMS audits and certification were done and the Company continued to invest on its participative culture through Leadership address, HR Regional connect, Project Foresight, Reward and Recognition Sessions, Sudnyan Knowledge sharing, 5S, Kaizen and CFTs etc. We participated in National Competition and won several awards.

Values:

The values of KPCL guide the Company towards success. The simple yet effective reminder helps the employees to grow towards their respective goals while having a rooted presence in the six fundamental values.

Human Resource and Industrial Relations:

KPCL prioritises equal opportunity in recruitment, aligning manpower needs with business goals and culture. Various channels such as job portals, referrals and campus recruitment are utilised for hiring the latest talent in the market. Employee training needs are identified annually by the Company, with tailored programmes to upskill the workforce. The Company also possesses Leadership development programmes which are emphasised across all levels through structured programmes like "ARCHON" - Senior Leadership Development Programme, First Time Managers Development Programmes, Frontline Manager Development and Future Leader Programmes.

The Company nurtures and creates employee engagements through a structured reward and recognition framework, linked to individual and team performances. Grievance reporting mechanisms and safety measures, including health checks and flexible working hours, are core to employee well-being, which are dutifully done by the Company. Overall, KPCL fosters a proactive and supportive culture for its employees.

An elaborate Human resource and industrial relations is as below:

The Human Resources (HR) department at KPCL is driven by the mission 'To be an employer of choice'. We look at the employee's entire work life cycle, to ensure timely interventions that help build a long-lasting and fruitful career.

Recruitment and Staffing: With the growth of business, we continued to focus on having the most befitting managers with the most relevant job-experience to fill in the vacancies. As such, we do have a robust recruitment and Human Resources Management Process. Changes are made in the process based on employee feedback. Selection of new employees is done through a rigorous process to ensure the right candidate is selected. With the projected growth of the business, more number of engineers is getting trained to manage higher level of operational efficiencies.

The annualised attrition rate for FY 2025 stands at 9.9%, which is significantly better in comparison to the similar industries. We continue to work on simplifying internal processes. HR process owners collaborate with various teams in the Organisation to ensure that employees are able to work at their productive best.

Career Planning: Aspiring managers do need a career path to contribute better. Accordingly, the Critical Role Holders are identified as part of the succession process. A group of identified high-potential employees went through a customised aptitude and behavioural assessment followed by individual development plans and their development journey for further growth in the organisation is planned during the coming time.

Learning and Development: L&D initiatives are at the foundation of KPCL. Competency Development continues to be a key area of strategic focus for us. During fiscal 2025, the total training provided for employees was at average 5.3 days per employee which has improved by 30% compared to previous year. This year more than 90% of our employees have undergone at least one training programme during the year. Some of our employees are internal trainers and shared their domain knowledge in the Company. Such an intervention not only fosters a culture of mutual learning, but also encourages others to be a part of the larger community of internal-trainers at KPCL. We introduced Online Learning Management System ("LMS") in 2021, thereby enabling and promoting a culture of self-learning and development in the Organisation. Last year, we have focused on imparting training through our LMS and significant number of mandatory programmes was through the KORE – Online Learning Management system. The Company is investing in our people in a big way as we make this journey together.

The Company undertook the Future leaders programme to develop and groom leaders who are truly "Limitless" who will lead from the front and take the organisation to new heights, as a part of succession planning.

Rewards and Recognition: It is understood that employee-motivation is key to many success stories. Acknowledging one's value-addition and recognising them play an important key role. Recognition schemes are monetary as well as non-monetary. Achievers are recognised every quarter for outstanding achievements as Star of the Month, Spontaneous and Team Rewards by Senior Management. As always, we have continued to focus on the much needed performance differentiation to ensure that our high-potential (HiPo), high-performing employees are driven towards higher purpose and goals. They are being groomed as our Talent-Pipeline to succeed to key roles in future. This year we also hosted a grand Annual Reward and Recognition ceremony extending a platform for all our employees to showcase their achievements and remarkable improvement projects.

Apart from the above, we do measure our performance, with intent to raise the bar of better performance; also to scale up the deliverables from HR team.

In addition to the above, we have mechanisms in place to foster a positive workplace environment, free from harassment of any nature. We have institutionalised the Prevention of Sexual Harassment Initiative (PoSH) framework, through which we address complaints of sexual harassment at the workplace. Our policy assures discretion and guarantees non-retaliation to complainants. The Kirloskar group companies have now adopted a common whistle blower policy and an ethics hotline has been created to provide an assuring platform to the employees to highlight discriminatory or violating acts or behaviors'.

Communication: An attempt to encourage company-wide employee-communication is one of our pursuits. Dialogue is maintained with employees throughout the year through quarterly performance sessions, in-house magazine (Impeller) and intranet (Shashwat). The employees are aware of various developments in the Company. We have also done focused internal and external communication through interactive campaigns such as revamped House Magazine, revamped HR space on our intranet – Shashwat, New Wall and Table calendars, Quarterly Leadership address and Reward and Recognition sessions. The revamped Marcom approach has resulted into significant rise in the social media followers of your Company. On an average we have 6 social media posts each month and 300+ internal communications regarding various highlights about your Company.

Cautionary Statement:

This Report contains statements relating to future business developments and economic performance that could constitute 'forward looking statements'. While these forward looking statements represent the Company's judgements and future expectations, a number of factors could cause actual developments and results to differ materially from expectations. The Company undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances. Further, investors are requested to exercise their own judgement in assessing various risks associated with the Company and also the effectiveness of the measures being taken by the Company in tackling them, as those enumerated in this Report are only as perceived by the Management.

Report on Corporate Governance

The Company has been practicing the principles of good corporate governance over the years. The Directors present below the Company's report on Corporate Governance for the financial year 2024-25.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance is based upon a rich legacy of fair, ethical and transparent governance practices.

Our legacy inspires us to innovate solutions that challenge conventions and helps to create an inclusive future for customers, partners, employees, investors and communities.

The 'Limitless' vision of the Company is laying a foundation for aggressive growth plans. We are limitless in terms of our aspirations, capacity and capabilities, access to national and international markets and the value that we can generate for our stakeholders and the society.

Continuing the limitless vision, the Company has expanded its reach by acquiring majority equity stake in Systems & Components (India) Private Limited, a significant player in the Refrigeration packages for Pharma, Chemical and Dairy industry.

Kirloskar's 'Limitless' mission transforms the Company along with other group companies. Company has refreshed its business vision which is aligned with the need to be future-ready in a constantly evolving world. The refreshed Values are :

Excellence
In everything we do, quality without compromise

Integrity
Say what we do, and do what we say

Collaboration
We grow with People and Partners

Empathy
We always listen and learn

Value Creation
We are building for a shared prosperous future

Innovative Thinking
be bold and brave & stay relevant

The expanded vision implies a promise to all stakeholders that their dreams can now be truly limitless and will be fulfilled. The Change is reflective of our new philosophy to create better lives, better opportunities and a better tomorrow. Corporate governance refers to the manner in which a company is governed, directed and managed. Corporate governance essentially involves balancing the interests of all stakeholders, such as Shareholders, Board of Directors, Management Team, Employees, Customers, Suppliers, Bankers, Government and the Society.

The Company as a part of Kirloskar Group is committed to maintain high standards of Corporate Governance. To us, Corporate Governance means conduct of business with transparency, accountability and business prosperity with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of all other stakeholders as well.

To take it further, the Company also has a Kirloskar's Ethics Helpline to encourage employees to act with integrity and honesty and report any cases of unethical behaviour. By maintaining the highest standards of ethical conduct, the Company can ensure to be a leader in the industry and trusted partner to the customers. Invariably, as a group, we are committed to upholding the highest standards of ethical conduct in all our business practices.

2. GOVERNANCE STRUCTURE AND DEFINED ROLE AND RESPONSIBILITIES:

Company's governance structure comprises of Board of Directors, Committees of the Board and the Management.

3. BOARD OF DIRECTORS:

The Board of Directors have the responsibility of ensuring effective management, long term business strategy, general affairs, performance and monitoring the effectiveness of the Company's corporate governance practices. The Managing Director reports to the Board and is in charge of the management of the affairs of the Company, executing business strategy in consultation with the Board and achieving annual and long term business goals.

i. Composition and Category of Directors:

The composition of the Board of your Company is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI LODR Regulations, 2015'). The Executive Chairman of your Company, though a Professional Director in his individual capacity, is a Promoter and the number of Non-Executive and Independent Directors is more than one-half of the total number of Directors. The

Board of Directors of the Company represents an optimum mix of professionalism, gender, knowledge and experience, comprising of Executive, Non-Executive and Independent Directors. The Chairman is an Executive Director.

During the reporting year:

At the beginning of the year there were 10 Directors. During the year, two Non-Executive and Independent Directors ceased to be Directors upon completion of their second term as Independent Director. Further, two Non-Executive and Independent Directors were inducted on the Board. One Non-Executive Director has ceased to be a Non-Executive and Non-Independent Director of the Company with effect from 31st March, 2025. The details of the same are mentioned in the Directors' Report. Thus, there are nine Directors as on 31st March, 2025 consisting of Six (67%) Non-Executive & Independent Directors including a Woman Director in terms of SEBI LODR Regulations, 2015, One (11%) Non-Executive & Non-Independent Director and Two (22%) Executive Directors. The Company has two third Directors who are liable to retire by rotation out of total Directors excluding Independent Directors. All the Directors serving on the Board had approval of the shareholders in terms of Regulation 17(1D) of SEBI LODR Regulations, 2015.

No Director of the Company has been appointed as Director in more than seven listed companies.

None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies.

The Company has issued letter of appointment to all the Independent Directors as per Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company namely www.kirloskarpneumatic.com

ii. Familiarization Programmes:

The Company arranges familiarization programs for all the Directors. The programs were aimed at acclimatizing the Directors with the processes, business and actual functioning of the Company so as to enable them to carry out their role effectively.

In Board meetings, discussions on business strategy, operational and functional matters provide good insights on the businesses carried on by the Company to the Independent Directors. These sessions also involve interactions with Senior Management. To make these sessions more productive, all the documents required and / or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole are provided in advance. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company.

The details of familiarization and training programs have been posted on Company's website at following weblink: https://www.kirloskarpneumatic.com/documents/174996/43f31606-1621-c887-424c-1057a585fb76

iii. Number of Meetings:

The Board meets at least once in every quarter to review Company's operations and the maximum time gap between any two meetings is not more than 120 days.

During the year ended on 31st March, 2025, five Board Meetings were held. The attendance of the Directors was as follows:

Director(s)	25th April, 2024	20th July, 2024	25th October, 2024	28th January, 2025	3rd March, 2025
Mr Atul C Kirloskar	✓	✓	-	✓	-
Mr Rahul C Kirloskar	✓	✓	✓	✓	✓
Dr Ajay Dua	✓	✓	✓	✓	✓
Mrs Nalini Venkatesh	✓	✓	✓	✓	✓
Mr Tejas Deshpande	✓	✓	✓	✓	✓
Mr K Srinivasan	✓	✓	✓	✓	✓
Mr Mahesh Chhabria (ceased w.e.f. 31st March, 2025)	✓	✓	✓	✓	✓
Mr Pravir Kumar Vohra	✓	✓	-	✓	✓
Mr Bimal Manu Tanna (appointed w.e.f. 22nd July, 2024)	NA	NA	✓	✓	✓
Mr Deepak Bagla (appointed w.e.f. 22nd July, 2024)	NA	NA	✓	✓	✓
Mr Sunil Shah Singh (ceased w.e.f. 23rd July, 2024)	✓	✓	NA	NA	NA
Mr G Krishna Rao (ceased w.e.f. 23rd July, 2024)	✓	✓	NA	NA	NA

The Annual General Meeting ('AGM') of the Company was held on 20th July, 2024. All the Directors as on that date, except Mr Pravir Kumar Vohra attended the AGM.

iv. Director's attendance record and directorships held:

The details of attendance of the Directors at the various Board Meetings, Annual General Meeting held during the financial year and also the numbers of other Directorships and Committee Memberships / Chairmanships are as follows:

Name of the Director and Position	No. of Board Meetings attended	Directorship held in Indian Public Limited Companies (Including KPCL)*	Name of other Directorships in Listed Companies as on 31st March, 2025		Committee Position#* (including KPCL) as on 31st March, 2025	
			Name of the Company	Category of Directorship	Member	Chairman
Non-Executive & Non-Independent Director						
Mr Atul C Kirloskar$@ (DIN 00007387)	3	4	Kirloskar Industries Limited Kirloskar Oil Engines Limited	Chairman (Non-Executive Non-Independent Director)	0	0
Non-Executive & Independent Directors						
Dr Ajay Dua (DIN 02318948)	5	1	-	-	1	0
Mrs Nalini Venkatesh (DIN 06891397)	5	1	-	-	1	1
Mr Tejas Deshpande (DIN 01942507)	5	3	Kirloskar Industries Limited	Non-Executive Independent Director	4	0
Mr Pravir Kumar Vohra (DIN 00082545)	4	5	Kirloskar Ferrous Industries Limited Thomas Cook (India) Limited IDFC First Bank Limited	Non-Executive Independent Director	5	1
Mr Bimal Manu Tanna (DIN 06767157)	3	8	Jio Financial Services Limited Kalpataru Projects International Limited	Non-Executive Independent Director	7	4
Mr Deepak Bagla (DIN 01959175)	3	1	-	-	0	0
Executive Directors						
Mr Rahul C Kirloskar$@ (DIN 00007319)	5	5	Kirloskar Ferrous Industries Limited Kirloskar Oil Engines Limited	Non-Executive Non-Independent Director	2	1
Mr K Srinivasan (DIN 00088424)	5	2	Aspinwall and Company Limited	Non-Executive Independent Director	0	0

Notes:

1. KPCL means Kirloskar Pneumatic Company Limited.
2. * Excluding Private, Foreign and Section 8 Companies.
3. # For this purpose, only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies are considered.
4. $ Promoter Directors.
5. @ Mr Rahul C Kirloskar, Executive Chairman and Mr Atul C Kirloskar, Director are brothers and related to each other.
6. Mr Sunil Shah Singh (DIN 00233918) and Mr G Krishna Rao (DIN 00058985) attended two Board Meetings and AGM of the Company held on 20th July, 2024.
7. Mr Mahesh Chhabria (DIN 00166049) attended five Board Meetings and AGM of the Company held on 20th July, 2024.

v. Meeting(s) of Independent Directors:

Pursuant to Schedule IV of the Companies Act, 2013, SEBI LODR Regulations, 2015 and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a financial year, without the attendance of Non-Independent Directors.

As per the recent amendment in the discretionary requirements of SEBI LODR Regulations, 2015, the Independent Directors shall endeavour to hold at least two meetings in a financial year, without the presence of Non-Independent Directors.

Two Separate meetings of Independent Directors in compliance with Schedule IV of the Companies Act, 2013 and SEBI LODR Regulations, 2015 were held during the year. The said meetings were held on 25th April, 2024 and 28th March, 2025.

vi. Core skills / expertise / competencies:

The Company has in place the skill matrix for evaluation of Directors. The table below summarizes core skills / expertise / competencies identified by the Board of Directors as required and available with the Board in the context of business of the Company for its effective functioning and the name of the Directors who have such skills / expertise / competencies are as follows:

Director(s)	SKILLS								
	Strategy & Strategic Planning	Corporate Governance	Business Acumen	Leadership	Industry Knowledge	Financial Skills	Technology	Legal & Regulatory Knowledge	Environment
Mr Atul C Kirloskar	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Rahul C Kirloskar	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Ajay Dua	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs Nalini Venkatesh	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Tejas Deshpande	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr K Srinivasan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Pravir Kumar Vohra	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Bimal Manu Tanna	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Deepak Bagla	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note : This position covers the Directors serving on the Board as on 31st March, 2025.

vii. Confirmation on declarations given by Independent Directors:

The Board of Directors confirm that, in the opinion of the Board, Independent Directors fulfil the conditions specified in the SEBI LODR Regulations, 2015 and they are Independent of the management.

viii. Code of Conduct:

The Board has prescribed the Code of Conduct for all its Board Members and Senior Management.

The Code of Conduct has been posted on Company's Website at www.kirloskarpneumatic.com

The Managing Director has confirmed to the Board that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year ended on 31st March, 2025. A declaration to this effect signed by the Managing Director has been incorporated in the Annual Report.

4. AUDIT COMMITTEE:

i. Composition:

The Audit Committee earlier consisted of 5 Independent Directors. During the year, Mr Sunil Shah Singh, Mr G Krishna Rao, Directors ceased to be Directors and Members of the Committee w.e.f. 23rd July, 2024. Mr Bimal Manu Tanna, Independent Director was appointed as Chairman of the Committee with effect from 23rd July, 2024.

The Audit Committee currently comprises of 4 Independent Directors namely, Mr Bimal Manu Tanna, Dr Ajay Dua, Mr Tejas Deshpande and Mr Pravir Kumar Vohra.

Mr Sunil Shah Singh was the Chairman of the Audit Committee upto 22nd July, 2024. Mr Bimal Manu Tanna is the Chairman of the Audit Committee with effect from 23rd July, 2024. The Chairman and Members of the Audit Committee are well-versed with the financial matters and are finance literate.

Executive Chairman, Managing Director, Vice President & Chief Financial Officer attend the Audit Committee Meetings. The representatives of the Statutory Auditors, Internal Auditors are also invited to the Meetings. The Internal Auditors submit their report to the Audit Committee. Company Secretary acts as Secretary to the Audit Committee.

ii. Terms of Reference:

The role and terms of reference of the Audit Committee cover the areas as contemplated under Regulation 18 read with Part C of Schedule II of the SEBI LODR Regulations, 2015 and Section 177 of the Companies Act, 2013 read with relevant rules issued thereunder besides other terms as may be referred by the Board of Directors.

Role of Audit Committee

The brief role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration, terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   b. changes, if any, in accounting policies and practices and reasons for the same;
   c. major accounting entries involving estimates based on the exercise of judgment by management;
   d. significant adjustments made in the financial statements arising out of audit findings;
   e. compliance with listing and other legal requirements relating to financial statements;
   f. disclosure of any related party transactions; and
   g. modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc of the candidate;

20. To mandatorily review the following information:

    1. Management discussion and analysis of financial condition and results of operations;

    2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;

    3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

    4. Internal audit reports relating to internal control weaknesses;

    5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and

    6. Statement of deviations:

        a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);

        b. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7);

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

22. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision; and

23. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

iii. Meetings & attendance of the Audit Committee:

The Audit Committee met five times during the year. These were attended by the members as per the following details:

Name of Committee Members	Date of the Audit Committee Meetings				
	25th April, 2024	20th July, 2024	25th October, 2024	28th January, 2025	3rd March, 2025
Mr Bimal Manu Tanna*	NA	NA	✓	✓	✓
Dr Ajay Dua	✓	✓	✓	✓	✓
Mr Tejas Deshpande	✓	✓	✓	✓	✓
Mr Pravir Kumar Vohra	✓	✓	-	✓	✓
Mr Sunil Shah Singh**	✓	✓	NA	NA	NA
Mr G Krishna Rao***	✓	✓	NA	NA	NA

Notes :

1. * Appointed as Chairman of the Committee w.e.f. 23rd July, 2024.
2. ** Ceased to be Chairman and Member of the Committee w.e.f. 23rd July, 2024.
3. *** Ceased to be Member of the Committee w.e.f. 23rd July, 2024.

Mr Sunil Shah Singh, Chairman of the Committee at that point of time was present in the Annual General Meeting to answer the shareholder queries.

5. NOMINATION AND REMUNERATION COMMITTEE :

i. Composition:

The Nomination and Remuneration Committee earlier consisted of 3 Independent Directors and 1 Non-Executive and Non-Independent Director. During the year, Mr Sunil Shah Singh and Mr G Krishna Rao, Independent Directors were ceased to be Director(s) and Member(s) of the Committee with effect from 23rd July, 2024 and Mr Mahesh Chhabria, Non-Executive and Non-Independent Director ceased to be Director and Member of the Committee with effect from 31st March, 2025. Mr Tejas Deshpande and Mr Deepak Bagla, Independent Directors were appointed as Members of the Committee with effect from 23rd July, 2024.

Accordingly, the Nomination and Remuneration Committee now comprises of 3 Independent Directors namely Dr Ajay Dua, Mr Tejas Deshpande and Mr Deepak Bagla. Dr Ajay Dua is the Chairman of the Committee. Company Secretary acts as Secretary to the Committee.

ii. Terms of Reference:

The broad terms of reference of the Nomination and Remuneration Committee are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
3. Devising a policy on diversity of Board of Directors;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
5. Whether to extend or continue the term of appointment of Independent Director, on the basis of the report of performance evaluation of Independent Directors;
6. Recommend to the Board, all remuneration, in whatever form payable to senior management ; and
7. For every appointment of an Independent Director, shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
   a. Use the services of an external agencies, if required;
   b. Consider candidates from a wide range of backgrounds, having due regard to diversity; and
   c. Consider the time commitments of the candidates.

iii. Meetings & attendance of the Nomination and Remuneration Committee:

During the year, four Meetings were held as per the following details:

Name of Committee Members	Date of the Nomination and Remuneration Committee Meetings			
	25th April, 2024	20th July, 2024	10th October, 2024	25th October, 2024
Dr Ajay Dua	✓	✓	✓	✓
Mr Deepak Bagla*	NA	NA	✓	✓
Mr Tejas Deshpande*	NA	NA	✓	✓
Mr Sunil Shah Singh**	✓	✓	NA	NA
Mr G Krishna Rao**	✓	✓	NA	NA
Mr Mahesh Chhabria***	✓	✓	✓	✓

Notes :

1. *Appointed as Member of the Committee w.e.f. 23rd July, 2024.
2. ** Ceased to be Member of the Committee w.e.f. 23rd July, 2024.
3. *** Ceased to be Member of the Committee w.e.f. 31st March, 2025.

Dr Ajay Dua, the Chairman of the Committee was present in the Annual General Meeting to answer the shareholder queries.

iv. Criteria for performance evaluation:

The annual evaluation of Directors is made on the following criteria:

a) attendance for the meetings, participation and independence during the meetings;

b) interaction with Management;

c) role and accountability of the Board;

d) knowledge and proficiency; and

e) Strategic perspectives or inputs.

6. NOMINATION AND REMUNERATION POLICY:

The Board determines the remuneration payable to the Executive Directors taking into account their qualification, expertise & contribution and based on recommendations of the Nomination and Remuneration Committee.

Non-Executive Directors are paid sitting fees for attending Board / Committee Meetings as decided by the Board within the limits prescribed under the Companies Act, 2013.

Commission payable to Non-Executive Directors is limited to a fixed amount per year as determined and approved by the Board on their attendance and contribution at the Board and Committee Meetings based on recommendations of the Nomination and Remuneration Committee. The total amount of commission to Non-Executive Directors is within the limit of 1% of the net profits of the Company for the year, calculated as per the provisions of the Companies Act, 2013 subject to necessary approvals, as applicable, if any.

Details of remuneration paid / payable to Directors during the year 2024-25:

A. Non- Executive Directors

Name of Director	Sitting Fees	Commission on Net Profit *	Salary & Perquisites	Total	No. of shares held **
	(₹ in Million)				
Independent and Non-Executive Directors					
Dr Ajay Dua	1.175	1.705	-	2.880	0
Mrs Nalini Venkatesh	0.625	0.550	-	1.175	230
Mr Tejas Deshpande	1.075	1.485	-	2.560	2
Mr Pravir Kumar Vohra	0.700	1.100	-	1.800	0
Mr Bimal Manu Tanna (from 23rd July, 2024)	0.575	0.880	-	1.455	0
Mr Deepak Bagla (from 23rd July, 2024)	0.400	0.440	-	0.840	0
Mr Sunil Shah Singh (upto 22nd July, 2024)	0.600	0.715	-	1.315	5,000
Mr G Krishna Rao (upto 22nd July, 2024)	0.525	0.660	-	1.185	2,000
Non-Executive and Non-Independent Directors					
Mr Atul C Kirloskar	0.400	5.000	-	5.400	6,107,523
Mr Mahesh Chhabria (upto 30th March, 2024)	0.700	0.770	-	1.470	9,325

Notes:

1. * Payable only on adoption of accounts in the ensuing Annual General Meeting.
2. ** The above shareholding is considered in the name of first holder (PAN based) only.
3. There are no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Company.
4. Pursuant to limits approved by the Board, all Non-Executive Directors are paid sitting fees as follows:
   a) ₹ 0.100 Million for attending each meeting of the Board;
   b) ₹ 0.075 Million for attending each meeting of the Audit Committee.
   c) ₹ 0.050 Million for attending each meeting of the Nomination and Remuneration Committee.
   d) ₹ 0.050 Million for attending each meeting of the Risk Management Committee.
   e) ₹ 0.025 Million for attending each meeting of the other Committees of the Board.

B. Remuneration paid / payable to Mr Rahul C Kirloskar, Executive Chairman and Mr K Srinivasan, Managing Director:

Particulars	(₹ in Million)	
	Mr Rahul C Kirloskar	Mr K Srinivasan
Salary	30.00	14.40
House Rent Allowance	-	-
Contribution to Funds	10.60	4.58
Other perquisites	5.94	1.94
* Commission	45.00	15.00
TOTAL	**91.54**	**35.92**
**No. of shares held	74,96,150	1,57,800

Notes:

1. * Payable only on adoption of accounts in the ensuing Annual General Meeting.
2. ** The above shareholding is considered in the name of first holder (PAN based) only.

7. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee earlier consisted of 2 Non-Executive and Independent Directors and 1 Executive Director. During the year, Mr G Krishna Rao, Independent Director ceased to be Director, Chairman and Member of the Committee with effect from 23rd July, 2024. Mr Sunil Shah Singh ceased to be Director and Member of the Committee with effect from 23rd July, 2024. Mrs Nalini Venkatesh and Mr Tejas Deshpande, Independent Directors were appointed as Members of the Committee with effect from 23rd July, 2024. Mrs Nalini Venkatesh also appointed as Chairperson of the Committee with effect from 23rd July, 2024.

Currently, the Committee functions under the Chairmanship of Mrs Nalini Venkatesh, an Independent Director.

Mr Tejas Deshpande, an Independent Director and Mr Rahul C Kirloskar, Executive Director act as its members. Mr Jitendra Shah, Company Secretary is the Compliance Officer.

During the year, seven Stakeholders' Relationship Committee meetings were held on and the same were attended by members as per the following details:

Name of Committee Members	Date of the Stakeholders' Relationship Committee Meeting						
	25th April, 2024	10th June, 2024	20th July, 2024	17th October, 2024	6th December, 2024	28th January, 2025	14th February, 2025
Mrs Nalini Venkatesh*	NA	NA	NA	✓	✓	✓	✓
Mr Tejas Deshpande**	NA	NA	NA	✓	✓	✓	✓
Mr Rahul C Kirloskar	✓	✓	✓	✓	✓	✓	✓
Mr G Krishna Rao ***	✓	✓	✓	NA	NA	NA	NA
Mr Sunil Shah Singh ****	✓	✓	✓	NA	NA	NA	NA

Notes :

1. *Appointed as Chairperson and Member of the Committee w.e.f. 23rd July, 2024.
2. ** Appointed as Member of the Committee w.e.f. 23rd July, 2024.
3. *** Ceased to be Chairman and Member of the Committee w.e.f. 23rd July, 2024.
4. **** Ceased to be Member of the Committee w.e.f. 23rd July, 2024.

Mr G Krishna Rao, the Chairman of the Committee at that point of time was present in the Annual General Meeting to answer the shareholder queries.

The Company has received 15 complaint(s) during the year and the same were resolved. There was no complaint pending as on 31st March, 2025.

8. RISK MANAGEMENT COMMITTEE:

On the basis of market capitalization, the Risk Management Committee became mandatory with effect from 7th September, 2021.

The Company voluntarily formed the board level Risk Management Committee on 26th April, 2018. The detailed framework relating to the Risk Management has been provided under the Section of Directors' Report in the Annual Report.

i. Composition:

The Risk Management Committee earlier consisted of 2 Independent Directors and 1 Non-Executive and Non-Independent Director and 1 Executive Director. During the year, Mr Sunil Shah Singh, Independent Director ceased to be Director and Member of the Committee with effect from 23rd July, 2024. Mr Bimal Manu Tanna, Independent Director was appointed as Member of the Committee with effect from 23rd July, 2024.

The Risk Management Committee currently comprises of 4 Directors.

The Risk Management Committee functions under the Chairmanship of Dr Ajay Dua, Independent Director. Mr Bimal Manu Tanna, Independent Director and Mr Atul C Kirloskar, Non-Executive Director & Mr K Srinivasan, Managing Director are its members. Company Secretary acts as Secretary to the Committee.

ii. Terms of Reference:

The broad terms of reference of the Risk Management Committee are as under:

a. To formulate a detailed risk management policy;

b. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

c. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

d. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

e. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

f. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee ; and

g. The Risk Management Committee shall coordinate its activities with other committees.

iii. Meetings & attendance of the Risk Management Committee:

During the year, two Risk Management Committee Meeting(s) were held and the same were attended by members as per the following details:

Name of Committee Members	Date of the Risk Management Committee Meetings	
	15th July, 2024	28th January, 2025
Dr Ajay Dua	✓	✓
Mr Atul C Kirloskar	✓	✓
Mr K Srinivasan	✓	✓
Mr Bimal Manu Tanna*	NA	✓
Mr Sunil Shah Singh**	✓	NA

Notes :

1. * Appointed as Member of the Committee w.e.f. 23rd July, 2024.
2. ** Ceased to be Member of the Committee w.e.f. 23rd July , 2024.

9. CORPORATE SOCIAL RESOPONSIBILITY COMMITTEE:

i. Composition:

The Corporate Social Responsibility Committee earlier consisted of 2 Independent Directors and 2 Executive Directors. During the year, Mr Sunil Shah Singh, Independent Director ceased to be Director and Member of the Committee with effect from 23rd July, 2024.

Currently, the Committee functions under the Chairmanship of Mr Rahul C Kirloskar, Executive Chairman.

Mrs Nalini Venkatesh, Independent Director, and Mr K Srinivasan, Managing Director act as its members. Mr Jitendra Shah, Company Secretary is the Compliance Officer.

ii. Meetings & attendance of the Corporate Social Responsibility Committee:

During the year, one Corporate Social Responsibility Committee meeting was held and the same was attended by members as per the following details:

Name of Committee Members	Date of the Corporate Social Responsibility Committee Meeting
	25th April, 2024
Mr Rahul C Kirloskar	✓
Mr K Srinivasan	✓
Mrs Nalini Venkatesh	✓
Mr Sunil Shah Singh*	✓

Note :

*Ceased to be Member of the Committee w.e.f. 23rd July, 2024.

10. SENIOR MANAGEMENT:

During the year, the following changes took place :

a. Mr Neeraj Bhargava, Vice President ACD & TRM superannuated on 2nd May, 2024.

b. Mr Aman Kirloskar was promoted from Associate Vice President to Vice President – ACR SBU w.e.f. 1st April, 2024.

The particulars of the Senior Management including Executive Directors as on 31st March, 2025 are also provided in the Annual Report.

11. GENERAL BODY MEETINGS:

i. The details of the last three Annual General Meetings are as follows:

Date	Time	Location
20th July, 2024	03.30 p.m. (IST)	VC / OAVM
20th July, 2023	03.30 p.m. (IST)	VC / OAVM
20th July, 2022	10.30 a.m. (IST)	VC / OAVM

ii. Special Resolutions passed in last 3 Annual General Meeting(s):

The Members of the Company have passed following Special Resolution(s) in the last three Annual General Meeting(s):

Sr.No.	Resolution
	Annual General Meeting held on 20th July, 2022
1	Continuation of payment of remuneration to Mr Rahul C Kirloskar, Executive Chairman and Promoter exceeding the threshold limits prescribed under SEBI LODR Regulations.

No special resolutions were passed in the Annual General Meetings held on 20th July, 2023 and 20th July, 2024.

iii. Postal Ballot:

The Members of the Company have passed the following Special Resolution(s) by way of Postal Ballot in the last three years :

Postal Ballot dated 17th September, 2024:

Sr. No.	Resolution	Votes cast in favour of the resolution*		Votes cast against the resolution*	
		No. of votes	% to total votes	No. of votes	% to total votes
1	Appointment of Mr Bimal Tanna (DIN : 06767157) as an Independent Director	4,61,62,659	99.99	511	0.01
2	Appointment of Mr Deepak Bagla (DIN : 01959175) as an Independent Director	4,61,62,489	99.99	731	0.01

Note :

* Only number of valid votes counted.

The Notice dated 20th July, 2024 was sent to the Members vide Email and the last date for voting through electronic mode was 17th September, 2024. Mr Sridhar G Mudaliar, Partner of M/s SVD & Associates, Practicing Company Secretaries was appointed as Scrutinizer for the process of postal ballot exercise. According to the Scrutinizer's report, the resolution was passed by the requisite majority. The result of the postal ballot was declared on 19th September, 2024 at the registered office of the Company and informed to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company were listed for the information of the members.

Postal Ballot dated 29th December, 2022:

Sr. No.	Resolution	Votes cast in favour of the resolution*		Votes cast against the resolution*	
		No. of votes	% to total votes	No. of votes	% to total votes
1	Appointment of Mr Pravir Kumar Vohra (holding DIN 00082545) as an Independent Director.	4,29,57,774	99.97	12,012	0.03

Note :

* Only number of valid votes counted.

The Notice dated 24th November, 2022 was sent to the Members vide email and the last date for voting through electronic mode was 28th December, 2022. Mr Sridhar G Mudaliar, Partner of M/s SVD & Associates, Practicing Company Secretaries was appointed as Scrutinizer for the process of postal ballot exercise. According to the Scrutinizer's report, the resolution was passed by the requisite majority. The result of the postal ballot was declared on 29th December, 2022 at the registered office of the Company and informed to the BSE Limited, where the shares of the Company were listed for the information of the members.

12. MEANS OF COMMUNICATION:

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the close of the financial year as per the requirements of the SEBI LODR Regulations, 2015.

The aforesaid financial results are sent to BSE Limited & National Stock Exchange of India Limited, where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter published in the leading English newspaper namely Business Standard and Marathi newspaper namely Loksatta. Every quarter, the Company had conference call with the investors on the same day / next working day after the declaration of the financial results. The Company also did presentations to the Investors and the same were uploaded before the Conference Call on the website of the Company.

The audited financial statements form part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.

The Company also informs by way of intimation to BSE Limited, National Stock Exchange of India Limited and placing on its website all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members.

The Annual Report of the Company, the quarterly / half yearly and the annual results of the Company, statement of unclaimed dividend, shareholding pattern, corporate governance report, Memorandum of Association and Articles of Association, Brief profile of Board of Directors including directorship and full-time positions in body corporates etc. are also placed on the Company's website: www.kirloskarpneumatic.com

13. GENERAL SHAREHOLDER INFORMATION:

i.	**Annual General Meeting:**		
	Day & Date	:	Tuesday, 22nd July, 2025
	Time	:	3:00 pm (IST)
	Venue	:	Annual General Meeting will be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM)
ii.	Financial Year	:	1st April to 31st March
iii.	Dividend Payment Date	:	On or after 24th July, 2025
iv.	Record Date	:	15th July, 2025
v.	Listing on	:	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 Annual Listing Fees for the year 2025-26 has been paid to BSE and NSE.
vi.	Depositories	:	National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL)
vii.	ISIN No.	:	INE811A01020

viii. Registrar & Transfer Agent:

The name of the Registrar and Share Transfer Agent ("RTA") of the Company for shares in physical form as well as electronic mode has been changed from Link Intime India Private Limited to MUFG Intime India Private Limited with effect from 31st December, 2024.

ix. Communication to Members:

Share Transfer System:

Members are advised to convert their physical shareholding into electronic holding in order to mitigate the risks associated with holding physical share certificates and also derive other benefits of dematerialization, such as easy liquidity, electronic transfer, etc.

In terms of Regulation 40(1) of SEBI LODR Regulations, 2015, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form.

Pursuant to SEBI Master Circular dated 7th May, 2024 the listed companies shall issue the securities in dematerialized form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerializing those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

Accordingly, the Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR - 4, the format of which is available on the Company's website: www.kirloskarpneumatic.com

KYC Compliance:

Members holding shares in physical form are requested to promptly notify in writing any changes in their address and / or Bank Account Details and / or any other details to the Company or its Registrar and Share Transfer Agent namely MUFG Intime India Private Limited (MUFG) in the prescribed format for KYC documents, which are available at https://www.kirloskarpneumatic.com/investors/forms and MUFG website namely www.in.mpms.mufg.com

Communication for furnishing KYC:

The Company had sent communication vide ordinary post to all the shareholders holding shares in physical form for furnishing PAN, KYC details and nomination etc. in terms of relevant SEBI Circulars in May 2024. The aforesaid communication has also been intimated to the Stock Exchange(s) and has been made available on the website of the Company.

Payment of dividend in electronic mode:

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 (subsequently amended by Circular Nos. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated 14th December, 2021, SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023 and SEBI/HO/MIRSD/PoD-1/P/CIR/2023/181 dated 17th November, 2023) has mandated that with effect from 1st April, 2024, dividend to security holders (holding securities in physical form), shall be paid only through electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination, contact details including mobile number, bank account details and specimen signature.

Further, relevant FAQs published by SEBI on its website can be viewed at the following link: https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf

Shareholders Requests in electronic mode:

All shareholder queries or service requests in electronic mode are to be raised through website of MUFG. The link for which is given below: https://web.in.mpms.mufg.com/helpdesk/Service_Request.html

SWAYAM Portal:

As advised by SEBI, RTA has launched 'SWAYAM', an Investor Self-Service Portal, designed exclusively for the Investors serviced by MUFG.

'SWAYAM' is a secure, user-friendly web-based application, developed by "MUFG", our Registrar and Share Transfer Agent, that empower shareholders to effortlessly access various services provided by MUFG.

This application can be accessed at https://swayam.in.mpms.mufg.com/

x. Distribution of Shareholding as on 31st March, 2025:

Holding		No. of Members	%	No. of Shares of ₹ 2/- each	% to Capital
UPTO	500	45,868	92.48	31,47,407	4.85
501	1,000	1,741	3.51	13,03,067	2.01
1,001	2,000	940	1.89	13,81,838	2.13
2,001	3,000	372	0.75	9,41,896	1.45
3,001	4,000	160	0.32	5,61,125	0.86
4,001	5,000	103	0.21	4,78,571	0.74
5,001	10,000	193	0.39	14,24,256	2.19
10,001	AND ABOVE	221	0.45	5,56,59,230	85.77
Total		**49,598**	**100.00**	**6,48,97,390**	**100.00**

xi. Dematerialisation of Shares & Liquidity:

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. The name of the Company appears in the Compulsory Trading List and 98.53% of Share Capital is in Electronic Form as on 31st March, 2025.

xii. Company has not issued GDRs / ADRs / Warrants or any convertible instruments. However, the details of the options granted and vested to eligible employees of the Company and exercise thereof are provided in the Directors' Report under the heading of Capital Structure. The disclosures relating to the implementation of the Scheme, details of options granted, changes to the Scheme, if any, etc. are placed on the website of the Company as required under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and can be accessed on the weblink : https://www.kirloskarpneumatic.com/investors/for-share-holders/agm-results

xiii. Details of foreign exchange risk and hedging activities are provided in the notes annexed to and forming part of the financial statements.

xiv. CRISIL has reaffirmed CRISIL AA-/ Positive, Outlook revised from Stable to Positive (Reaffirmed) for Company's long term bank facility and CRISIL A1 + (Reaffirmed) to the short term bank facility.

xv. Plant Locations:

Pune	Saswad	Nasik
Hadapsar Industrial Estate, Pune 411 013	Saswad, Tal.: Purandar, Dist. Pune	Thermal Power Station Road, Nashik Road, Nashik

xvi. Address for Correspondence:

Registered Office of the Company:

Kirloskar Pneumatic Company Limited
Hadapsar Industrial Estate, Pune 411 013
Phone No. 020 - 26727000
Fax No. 020 - 26870297
Email : sec@kirloskar.com
Website : www.kirloskarpneumatic.com

Corporate Office of the Company:

Kirloskar Pneumatic Company Limited
One Avante , Level 3, Karve Road,
Kothrud, Pune 411 038
Phone No. 020 – 6906 5025 (Extension 611)
Email : infokpcl@kirloskar.com
Website : www.kirloskarpneumatic.com

Registrar & Transfer Agent:

MUFG Intime India Private Limited (earlier known as Link Intime India Private Limited)

Pune Office:

Akshay Complex, No. 202,
2nd Floor, Near Ganesh Temple,
Off Dhole Patil Road, Pune 411 001
Phone Nos.: 020 - 46014473 / 26163503 / 26161629

Mumbai Office:

C 101, 247 Park,
L. B. S. Marg, Vikhroli (West), Mumbai – 400083
Phone No.: 022 - 4918 6000
Fax No.: 022 - 4918 6060
Email : rnt.helpdesk@in.mpms.mufg.com
Website : www.in.mpms.mufg.com

14. OTHER DISCLOSURES:

1. Related Party Transactions:

There are no materially significant related party transactions during the year 2024-25 that have potential conflict with the interest of Company at large.

As required under SEBI LODR Regulations, 2015, the Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions and the same was amended on 28th January, 2025 and 3rd March, 2025 which has been uploaded on website at:
https://www.kirloskarpneumatic.com/documents/174996/0a8837d4-d661-7989-64e3-f5a53543c63c

2. Strictures or Penalties:

There were no penalties or strictures imposed on the Company by Stock Exchange(s), SEBI or any statutory authority on any matter related to Capital Markets, during the last three years.

3. Vigil Mechanism / Whistle-Blower Policy:

The Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct and ethics Policy. The said mechanism also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. During the year, no employee of the Company was denied access to the Audit Committee.

In line with the policy, the Company has voluntarily launched a 'Kirloskar Ethics Helpline' for encouraging employees to report any suspected violations / any other ethical concerns. During the year, no complaint was received through 'Kirloskar Ethics Helpline'.

The said policy was amended on 20th July, 2024 and the amended policy has been uploaded and the same is available at the following weblink:

https://www.kirloskarpneumatic.com/documents/174996/f5bf023f-67f0-6d6a-5655-2667dca3c78a

4. The Company has complied with all mandatory requirements as specified in SEBI LODR Regulations, 2015.

5. The Company has also complied with the following non-mandatory requirements:

a. Audit qualification: Company's standalone and consolidated financial statements are unqualified.

b. The Internal Auditor reports to the Audit Committee.

6. Subsidiary Company:

A policy on material subsidiaries has been formulated by the Company which was amended on 28th January, 2025 and placed on the website of the Company at :

https://www.kirloskarpneumatic.com/documents/174996/5f3e392d-e15c-1639-088c-9733f2f0ba40

The Company has acquired 55.26% equity shares of Systems & Components (India) Private Limited (S&C) on 4th December, 2024 pursuant to the Share Purchase and Share Holders' Agreement. As a result, S&C has become subsidiary of KPCL with effect from 4th December, 2024. S&C is not a material subsidiary of the Company.

7. Commodity price risk or foreign exchange risk and hedging activities:

Commodity price risk hedging is not applicable to the company. The Company has adopted a policy for hedging of foreign exchange risk and accordingly Company hedges its foreign exchange risk from time to time.

8. Company has received a certificate from M/s SVD & Associates, Practicing Company Secretaries that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of the company by SEBI / Ministry of Corporate Affairs or any such statutory authority.

9. Company has complied with corporate governance requirements as specified in Regulation 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of SEBI LODR Regulations, 2015.

10. Total fees for all services paid to the Statutory Auditor:

During the year, total fees for all services paid by the Company and its subsidiary on a consolidated basis to the Statutory Auditor is ₹ 3.70 Million.

11. Prohibition of Insider Trading:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and Designated Persons of the Company which was amended during the year. The code provides for periodical disclosures from Directors and Designated Persons as well as pre-clearances of transactions by such persons. The code was amended on 28th January, 2025 and available on the website of the Company.

12. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

During the financial year, no complaint has been received / filed, disposed off and pending as at the end of the year.

13. Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement : Not Applicable

14. As on end of the financial year, the Company has not provided any loans and advances to firms / companies in which Directors are interested. A letter of Comfort amounting to ₹ 100 Million issued to SBM Bank (India) on behalf of Kirloskar Management Services Private Limited in past was no longer in effect.

15. CEO / CFO CERTIFICATION:

The CEO / CFO Certificate signed by Mr K Srinivasan, Managing Director and Mr Ramesh Birajdar, Vice President & Chief Financial Officer was placed before the meeting of Board of Directors held on 24th April, 2025.

For Kirloskar Pneumatic Company Limited

sd/-

K Srinivasan
Managing Director
DIN 00088424

Date : 19th May, 2025
Place : Pune

Declaration for Compliance with the Code of Conduct

I, hereby declare that all the Directors & Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

sd/-
K Srinivasan
Managing Director
DIN 00088424

Date : 24th April, 2025
Place : Pune

Auditor's Certificate on Corporate Governance

To
The Members
Kirloskar Pneumatic Company Limited

Independent Auditors' Certificate on Compliance with conditions of Corporate Governance

1. We, Kirtane & Pandit LLP, Chartered Accountants, the Statutory Auditors of Kirloskar Pneumatic Company Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2025, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

2. The compliance with conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation, and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V to the Listing Regulations during the year ended March 31, 2025.

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on Use

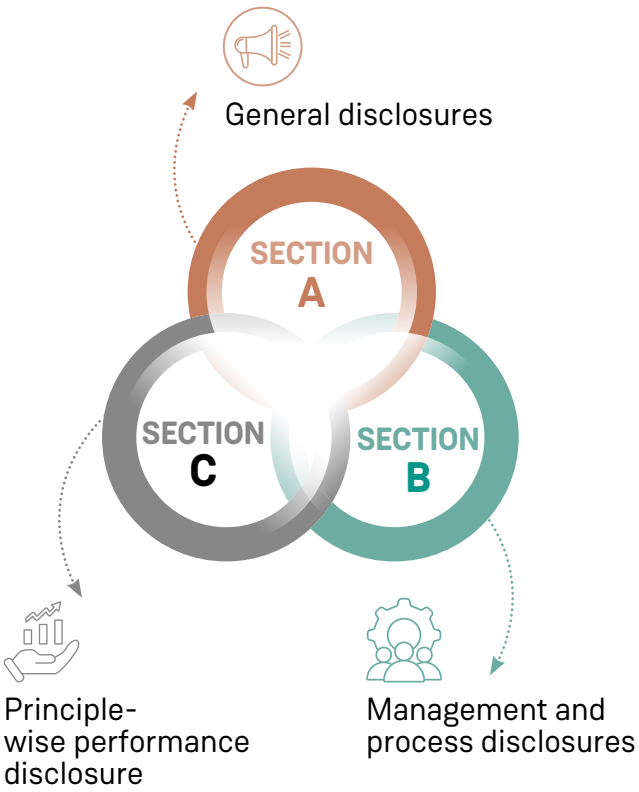
9. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

sd/-

Anand Jog
Partner
Membership No. 108177
UDIN: 25108177BMJBPJ1371
Pune, April 24, 2025

Business Responsibility and Sustainability Report (BRSR)



Principle 1
Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable.

Principle 2
Businesses should provide goods and services in a manner that is sustainable and safe.

Principle 3
Businesses should respect and promote the well-being of all employees, including those in their value chains.

Principle 4
Businesses should respect the interests of and be responsive to all its stakeholders.

Principle 5
Businesses should respect and promote human rights.

Principle 6
Businesses should respect and make efforts to protect and restore the environment.

Principle 7
Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8
Businesses should promote inclusive growth and equitable development.

Principle 9
Businesses should engage with and provide value to their consumers in a responsible manner.

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Company	L29120PN1974PLC110307
2.	Name of the Company	Kirloskar Pneumatic Company Limited (KPCL)
3.	Year of Incorporation	1974
4.	Registered office address	Hadapsar Industrial Estate, Pune 411013
5.	Corporate office address	One Avante, Level 3, Karve Road, Kothrud, Pune 411038
6.	E-mail	sec@kirloskar.com
7.	Telephone	020-26727000
8.	Website	www.kirloskarpneumatic.com
9.	Financial year for which reporting is being done	2024-25
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE) National Stock Exchange of India Limited (NSE)
11.	Paid-up Capital	₹ 129.79 Million
12.	Name and contact details (telephone, email address) of the person for BRSR Reporting	Name: Dr Suresh Mijar Telephone: 020-26727000 Email: sec@kirloskar.com
13.	Reporting boundary	Disclosures made in this report are on a standalone basis and pertain only to Kirloskar Pneumatic Company Limited.
14.	Name of assurance provider	BDO India LLP
15.	Type of assurance obtained	BRSR Limited Assurance

II. Product/Services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing & Service of Engineering goods	Manufacturing of compressors (Air, Refrigeration and Gas Compressors & Systems), Operation and Maintenance of Compression Systems, Leasing of Assets	93.9%

17. Products/Services sold by the entity (accounting for 90% of the turnover):

S. No.	Product/Services	NIC Code	% of total turnover contributed
1	Compressors & Compression Systems	28132	93.9%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

S. No.	Location	Number of plants	Number of offices	Total
1	**National:** Plants – Hadapsar (Pune), Saswad (Pune), Nashik Registered Office-Hadapsar (Pune) Corporate Office-Kothrud (Pune) Regional Offices – Mumbai, Ahmedabad, Vadodara, New Delhi, Lucknow, Kolkata, Chennai, Bangalore and Hyderabad	3	11	14
2	**International:** Through Group Companies in UAE, South Africa and Thailand	0	3	3

19. Markets served by the entity:

a. Number of locations served:

S. No.	Number of Locations served	Number
1	National (Number of States)	23
	National (Number of Union Territories)	6
2	International (Number of Countries)	34

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports contribute 7.6% of the total turnover of the Company.

c. Briefly explain the types of customers:

KPCL serves Indian and foreign markets in Oil & Gas, Power, Steel & Aluminium, Automotive, Engineering, Railways, Chemicals & Fertilizers, Sugar, Paper, Pharmaceutical, Textile, Food and Beverage, Marine & Fisheries, Construction and other industrial sectors/customers.

IV. Employees

20. Details at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	Employees					
1.	Permanent (D)	784	740	94%	44	6%
2.	Other than permanent (E)	164	140	85%	24	15%
3.	**Total employees (D+E)**	**948**	**880**	**93%**	**68**	**7%**
	Workers					
4.	Permanent (F)	69	68	99%	1	1%
5.	Other than permanent (G)	706	684	97%	22	3%
6.	**Total workers (F+G)**	**775**	**752**	**97%**	**23**	**3%**

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	Differently abled Employees					
1.	Permanent (D)	0	0	0%	0	0%
2.	Other than permanent (E)	1	1	100%	0	0%
3.	**Total Differently abled employees (D+E)**	**1**	**1**	**100%**	**0**	**0%**
	Differently abled Workers					
4.	Permanent (F)	0	0	0%	0	0%
5.	Other than permanent (G)	0	0	0%	0	0%
6.	**Total Differently abled workers (F+G)**	**0**	**0**	**0%**	**0**	**0%**

21. Participation/Inclusion/Representation of women:

Category	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
*Board of Directors	9	1	11.11%
**Key Management Personnel	4	0	0%

*Number as of 31st March, 2025. **2 out of 4 KMPs are also Board Members.

22. Turnover rate for permanent employees and workers:

Category	FY 2025			FY 2024			FY 2023		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)
Permanent employees	12%	9%	12%	15%	16%	15%	17%	32%	18%
Permanent workers	4%	0%	4%	4%	0%	4%	5%	0%	5%

V. Holding, Subsidiary and Associate Companies (including Joint ventures)

23. Names of holding / subsidiary / associate companies / joint ventures:

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Is it a holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Systems & Components (India) Private Limited	Subsidiary	55.26%	No

VI. CSR Details

24. i. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

ii. If yes, Turnover – ₹ 16,28,62,70,945

iii. Net worth – ₹ 9,036,093,101

VII. Transparency and disclosure compliances

25. Complaints/grievances on any of the principles (principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC):

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2025			FY 2024		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
*Communities	Yes	0	0	Refer notes	0	0	Refer notes
**Investors and Shareholders	Yes	15	0	Refer notes	7	0	Refer notes
***Employees and workers	Yes	0	0	Refer notes	0	0	Refer notes
#Dealers and Customers	Yes	970	88	Technical, service complaints	943	40	Technical, service complaints
##Suppliers	Yes	0	0	Refer notes	0	0	-

Notes: *Grievances, if any can be raised during on-going in-person interactions with CSR stakeholders during planning and implementation of various initiatives. Society (CSR) Perception Survey conducted every alternate year through an external agency includes focus group discussion with community stakeholders which captures grievances, if any along with suggestions for improvements. Overall CSR Satisfaction Index is at 95% as per the last survey conducted by an independent third-party agency.

**No other securities except equity shares are issued by the Company.

***Mechanisms like PoSH Committee, Theme Based Virtual Round Table Sessions, Safety Committee Meetings, New Joiners Interaction with HR & SBU Head, Union-Management Meetings, Annual HR Dip-Stick Survey, Ethics Helpline, Alternate Year Employee Engagement Survey etc. provide employees the platform to raise grievances, if any. Employee Engagement Score as per the last survey conducted by an independent third-party agency is at 82% which is higher when compared to India Manufacturing top quartile score. KPCL is recognized as Best Employer 2023 for its consistent employee benchmark engagement score.

#Dealer and customer complaints are received through CCMS (Customer Complaints Management System) and other engagement mechanisms including Dealer Meets, alternate year Customer Satisfaction Survey by external agency etc. Overall Customer Experience Index is at 89% as per the last survey conducted by an independent third-party agency. KPCL is tracking and reviewing actions implemented based on findings of the customer satisfaction survey.

##Supplier suggestions are received through various interactions like Supplier Visits, Supplier Meets, alternate year Supplier Satisfaction Survey by external agency etc. Overall Supplier Satisfaction Score is at 90% as per the last survey conducted by an independent third-party agency. KPCL is tracking and reviewing actions implemented based on findings of the supplier satisfaction survey.

All the above mentioned stakeholders can lodge a complaint through Company's Whistle-blower Policy-Vigil Mechanism. Web links: https://www.kirloskarpneumatic.com/investors/company-policies or through the Company's Grievance Redressal Policy: https://www.kirloskarpneumatic.com/investors/company-policies

26. Overview of the entity's material responsible business conduct issues:

Materiality Assessment is a fundamental aspect of Reporting at KPCL given the influence material issues have on the business activities, stakeholders and their ability to create sustainable value. The key material issues for our business have been listed below:

S. No.	*Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate (Measures for enhancing opportunities are also indicated)	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Employee Health & Safety	Risk	Health & Safety has an impact on employee well-being (injury/ill health) and productivity (loss of man-hours) apart from loss of earnings for the Company.	Predictive and preventive initiatives have been put in place to ensure employee health & safety.	**Negative** – Workplace mishap shall put life / property in danger and affect company's earnings and reputation.
2	Talent Management	Opportunity	Employees are contributors to value creation. Recruiting talented people and training them adequately to build their competencies and skills is critical to driving Company's future growth by providing a quality differentiator.	Robust processes for acquiring and retaining the talent exist. Company focuses on Learning and Development initiatives in the areas of knowledge, skills and behaviour to build a competent workforce.	**Positive** – Ensures retention of talent, improves efficiency and productivity in achieving strategic goals and enhancing business performance.
3	Climate Action	Risk and opportunity	Climate change can pose significant risk to the Company's business. It can affect all key stakeholders as well as the Company's strategy and financial resources. It also offers opportunities arising from innovations in reducing emissions, energy efficiency and renewable energy.	Company has taken initiatives in the areas of water conservation, renewable energy (solar power) and promoting water as well as energy conserving products.	**Negative** – The cost incurred to prevent / mitigate the impact of climate change in the short to medium term. **Positive** – Benefits will accrue in the medium / long term to the Company as well as customers.
4	Circular Economy	Risk and Opportunity	Proper waste collection and reuse / recycling processes are essential to minimize waste and tackle harmful effects of waste generation. Water being a limited resource will affect the operations and Company stakeholders.	Company focuses on approaches for reducing generation, segregation, responsible disposal and increasing reuse / recycling of both hazardous, non-hazardous waste and water conservation / recycling.	**Positive** – Waste generated, recovered, recycled is used back in our processes leading to reduced costs and improved earnings.
5	Sustainable Innovation	Opportunity	Innovation management is important by focusing on development of new products, continuous R&D for improving product efficiencies, use of clean technology for business operations etc.	Company is focused on R&D initiatives, technology up gradation and PLM (Product Lifecycle Management).	**Positive** – Development of resource efficient new products and overall reduced lifecycle costs of products.
6	Responsible Supply Chain	Risk	Lack of sustainable sourcing approaches or efforts to build resilient supply chain can lead to supply / business disruptions due to unforeseen circumstances.	Company has integrated environmental, ethical and social performance factors into the process of selecting and periodically evaluating its key suppliers.	**Negative** – Supply chain disruptions will lead to disturbed production schedules and delayed deliveries to customers with consequent losses to the Company.

*Material issues were identified and prioritized through a survey conducted by an independent third-party agency for key stakeholders; Dealers & Customers, Suppliers, Employees, Senior Management, Board Members, Investors etc.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the NGRBC principles and core elements. Policy and Management processes:

Points		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	(a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	(b) Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	(c) Web Link of the Policies, if available	Policies are uploaded on the Company's Website: https://www.kirloskarpneumatic.com/investors/for-share-holders/company-policies and on the Company's Intranet.								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Yes, Policies have been developed considering relevant Acts like The Companies Act, 2013, The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), The Factories Act, 1948 and other Statutes. The Policies are also based on different National / International Standards including that of the United Nations and International Labour Organisation and ISO Standards like ISO 9001, ISO 14001, ISO 45001, and ISO 17025.								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		KPCL is committed to accelerate its ESG journey and has put in place a Vision and Roadmap going forward. Following are some examples of its ESG commitments by 2030: **Environment:** 1. Increase renewable energy (solar) usage to 50% of its total energy requirement by 2030. 2. 100% waste recycling and zero waste to landfill by 2030. 3. Reduce water consumption by 25% and achieve ZLD (Zero Liquid Discharge) status by 2030. **Social:** 1. Maintain zero fatal accidents and achieve zero LTIFR (Lost Time Injury Frequency Rate) YoY. 2. Cover 100% employees periodically under Code of Conduct training. 3. Achieve diversity of 12% female employee and 3% differently abled by 2030. **Governance:** 1. Cover identified employees under Risk Management and Business Continuity awareness periodically. 2. Obtain BRSR Core Assurance as per SEBI timeline. 3. Obtain ESG Rating by approved / authorized rating agency by 2030.								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		KPCL monitors the performance against the targets set for reduction in energy consumption and use of solar energy as KPIs for the respective divisions. Following are some examples of its performance through focused ESG initiatives: With a specific commitment KPCL has 1. Contribution of renewable (solar) energy increased by 5 times from 1.5% (FY 23) to 7.69% (FY 25) of total electricity (scope 2 energy) requirement. 2. Increased coverage of health & safety training from 58% (FY 23) to 89% (FY 25) of total workforce. 3. Crisil ESG Rating of 58 (Adequate) with a rating of 71 (Leadership) in Governance as updated on 2nd April, 2025 (https://www.crisilesg.com/en/home/esg-ratings.html)								

Governance, leadership and oversight

7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

At KPCL we are building a culture of 'ESG, as a Way of Life'. Beyond timely and transparent BRSR disclosures we are working on our key gaps and material issues as identified in the previous year. We are focused on enhancing internal capability, creating stakeholder awareness, building teams like EnCon (Environment Conservation), WoW (War on Waste) while implementing initiatives aimed at enhancing ESG performance and disclosures. The CII HR Excellence Prize for Distinction awarded for consecutive 5 years is a testimony to best-in-class people practices that the Company is sustainably implementing year on year. We have strengthened ESG Governance by forming committees and reviewing the performance on a regular basis.

To fulfil KPCL's ESG ambition brought out by its Purpose Statement (To Create a Sustainable and Limitless Future through Innovation, Inclusion, and Integrity), we have put in place our ESG Vision of Green Planet, Nurturing Workplace and Transparent Governance. We aspire to become an industry leader in our segment by making a meaningful change to a wide group of user industries through product stewardship and implementation of ESG best practices. Having set goals and taken time bound targets in various key areas of ESG (refer to Section B Indicator No. 5), KPCL is moving forward to embed its business strategy with ESG requirements to create long term sustainable value for all the stakeholders.

8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Mr. K Srinivasan, Managing Director oversees the implementation of Business Responsibility policies and reports to the Board on the progress made by the Company in its ESG journey.

9 Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Yes, Corporate Social Responsibility Committee (CSR Committee) of the Board. For composition of CSR Committee, please refer to the Annual Report on its Website: (www.kirloskarpneumatic.com). KPCL also has a Core ESG Committee with representation of an Independent Director and the Managing Director, EnCon i. e. Environment Conservation Committee and WoW i. e. War on Waste Committee for key ESG initiatives.

10. Details of Review of NGRBCs by the Company:

Subject for Review	a. Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Subject for Review	b. Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Performance against policies is reviewed on monthly basis and the policies are reviewed on periodic basis. During FY 25, certain policies were reviewed and changed in line with the Statutory requirements.								
2 Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	The rectification vis-à-vis statutory requirements are done as and when need arises due to changes in Laws / Regulations and during the review of the policies.								

		P1	P2	P3	P4	P5	P6	P7	P8	P9
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Most of KPCL's policies are internal. They are reviewed internally on a periodic basis as mentioned above. Review of policies related to The Companies Act 2013, SEBI LODR and IMS (ISO 9001, ISO 14001, ISO 45001 and ISO 17025) is carried out through external agencies during their audits. The IMS audits (surveillance and re-certification) are conducted by TUV India Private Limited annually. The policies related to The Companies Act 2013 and SEBI LODR were reviewed by the Secretarial Auditor during their audit.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Not Applicable (all Principles are covered through various policies and are assessed / evaluated by external agencies).

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the Principles:

S. No.	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
1	Board of Directors	6	During quarterly Board / Committee Meetings, all Board / Committee Members and KMPs were updated on a regular basis by presentations which covered, inter-alia, information on business performance, operations, regulatory updates & compliances, risk management, health, safety & environment performance, HR & CSR initiatives and such other areas as may arise from time to time. In April 2024 and May 2024, sponsored residential 2 days training programme for the Directors and KMPs of the Company, organized by the Kirloskar Institute of Management Studies. (This training programme inter-alia, covered aspects of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 'Group of Companies' doctrine in arbitration and its impact on non-signatories, as recently decided by the Hon'ble Supreme Court, potential misuse of social media platforms and the regulatory issues in the securities market and SEBI (Prohibition of Insider Trading) Regulations, 2015. Further awareness was created on ESG initiatives progress and BRSR with statutory updates. Managing Director and one of the Independent Directors are also a part of ESG Core Committee of the Company. Training and Familiarization Programme for Directors: https://www.kirloskarpneumatic.com/investors/company-policies	100%
2	*Key Managerial Personnel	6		100%

S. No.	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
3	Employees other than BOD and KMPs	149	Training and awareness programs covered knowledge, skills and behavioural areas pertaining to Safety, Health and Environment, Employee Code of Conduct, PoSH (Prevention of Sexual Harassment), Business Ethics, Shop Floor Practices (5S, IMS, Kaizen etc.), Sales, Product Training, Leadership, Regulatory Compliances etc.	93%
4	Workers	53		100%

*2 out of 4 KMPs are also Board Members.

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by its directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions.

Not applicable as there were no such instances during the FY 25.

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable (refer to Principle 1 Essential Indicator No. 2 above).

4. Does the entity have an anti-corruption policy or anti-bribery policy? If yes, provide details in brief and if available, provide a weblink to the policy?

KPCL has Ethics and Anti-bribery Policy as well as Whistle-blower Policy - Vigil Mechanism to govern its operations. The Policy expects employees and any person dealing with the Company to be ethical, accountable and transparent in their conduct while discharging their respective duties. It addresses issues such as Unpublished Price Sensitive Information (UPSI) beyond corruption and bribery. The whistle-blower has access to the Ethics Committee / Ombudsman / Counsellor of KPCL.

Whistle-blower Policy-Vigil Mechanism:

https://www.kirloskarpneumatic.com/investors/company-policies

Code of Conduct:

https://www.kirloskarpneumatic.com/documents/174996/309aeb38-3ffb-c061-4319-b09ff27090f2

5. Number of Directors / KMPs / Employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption:

Segment	FY 2025	FY 2024
Directors	0	0
Key Managerial Personnel	0	0
Employees	0	0
Workers	0	0

6. Details of complaints regarding conflict of interest:

Segment	FY 2025		FY 2024	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest:

Not Applicable (refer to Principle 1 Essential Indicators Nos. 5, 6).

8. Number of days of accounts payables (Accounts payable *365) / Cost of goods/services procured):

*Parameter	FY 2025	FY 2024
Number of days of accounts payables	89	104

*Note: Reported as per BRSR Core Reporting Standard published by SEBI.

9. Openness of business: Provide details of purchases and sales with trading houses, dealers, and related parties along with loans and advances & investments, with related parties:

*Parameter	Metrics	FY 2025	FY 2024
Concentration of purchases	a. Purchases from trading houses as % of total purchases	0	0
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	0	0
Concentration of sales	a. Sales to dealers / distributors as % of total sales	20.50%	22.58%
	b. Number of dealers / distributors to whom sales are made	80	78
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	71.85%	48.27%
Share of RPTs	a. Purchases (Purchases with related parties / total purchases)	5.58%	0.63%
	b. Sales (Sales to related parties / Total sales)	0.53%	0.95%
	c. Loans & advances (Loans & advances to related parties / Total loans & advances)	0	0
	d. Investments (Investments in related parties / Total investments made)	0	0

*Note: Reported as per BRSR Core Reporting Standard published by SEBI.

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles:

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Customer, Dealer Personnel, Supplier Training: 72 training programmes (5171 man-days) were conducted in FY 25.	Product Training pertaining to quality, safety, environment, operation and maintenance.	KPCL has a dedicated Customer Training Centre. The Company has identified the suppliers accounting for 75% of business value and is also putting in place a mechanism to capture the dealers / customers accounting for 75% of business value.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same:

Yes, the Company has a Code of Conduct for Directors and Senior Management as well as a Whistle Blower Policy-Vigil Mechanism. The web links for these policies / mechanisms have already been provided while addressing Essential Disclosure No. 4 of Principle 1.

Principle 2

Businesses should provide goods and services in a manner that is sustainable and safe.

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:**

Segment	FY 2025	FY 2024	Details of improvements in environmental and social impacts
R&D	0	0	The R&D department is not only focused on new products, expanding existing product range but also on upgradation with a focus on safety, energy efficiency and reduction of carbon footprint.
Capex	41.7%	14.1%	For FY 24 – Environment: briquetting plant, dry paint booth, rainwater harvesting, EnCon projects etc. Social (Safety & Health): electrical, machine, crane & material handling, ergonomics and hygiene facilities etc. For FY 25 – Environment: Solar plants (2.38 MWp), rainwater harvesting projects (10,800 KL), water filtration plants, waste management projects, EnCon projects etc. Social (Safety & Health): Electrical safety, machine safety and operational safety, water and sanitation facilities, office ergonomics and welfare facilities etc.

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No):**

   Yes, sustainable sourcing attributes are defined in Supplier Selection, Evaluation and Re-evaluation Procedure and Format (as per Company's IMS-Integrated Management System requirements). Suppliers are categorised as product related manufacturer, proprietary item suppliers, outside processing & traders. Suppliers are selected and periodically evaluated for their performance as per the defined procedure and format. Those certified for ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System) are preferred as Company's key suppliers.

   b. **If yes, what percentage of inputs was sourced sustainably?**

   While as a practice majority of the sourcing is done sustainably (81.36% input material was sourced from within India- refer Principle 8 Essential Indicator No. 4), KPCL has developed a mechanism to track and monitor the percentage of such input materials. 75% of value-contributors (manufacturing suppliers) are re-evaluated alternate year and 25% of value-contributors (manufacturing suppliers) are self-assessed.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:**

   The Company has implemented compressor buyback programme (Renovare) for its refrigeration compressors for reuse, recycling and safe disposal of parts at the end of life. One hundred & thirty-nine (139) compressors were reclaimed in Scheme 1 launched in FY 23 and one hundred & sixty-seven (167) compressors were reclaimed in Scheme 2 launched in FY 24 and continued in FY 25 from customers and dismantled at our factory by gas cutting. The castings, aluminium, brass and mild steel parts are sent to respective suppliers / disposal agencies who then reuse or recycle them. The used refrigerant oil is safely disposed of in compliance with MPCB Consent.

   All Company products have Operations & Maintenance Manuals and Dos & Don'ts for the use of customers having detail guidance about health, safety and environment while installing, commissioning, operating and servicing them. The manuals also provide information about safe end of life disposal of the products.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No); If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps to address the same:**

   Yes, Extended Producer Responsibility (EPR) is applicable to KPCL. The Company is registered as 'Brand Owners' as per EPR regime. Plastic waste generated from packaging is managed in accordance with Plastic Waste Management Rules, 2016.

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

Lifecycle Assessment Perspective is considered in development of new products in accordance with the guidelines specified in IMS D & D document. Company is implementing in a modular manner, the PLM (Product Lifecycle Management) covering scope from design to responsible disposal of products. Assessment shall be conducted after complete implementation and roll-out.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means? Briefly describe the same along-with action taken to mitigate the same:

Environmental Aspect & Impact and OHS Risks & Opportunities Analysis is carried out by KPCL as per defined procedures and criteria requirements of IMS covering operations, installation, commissioning and servicing of products / projects.

An independent external agency carries out annual surveillance / re-certification audits of Company's IMS (QEOHS) and audit findings / observations are used for continual improvements of processes, products and services.

Specific Management Programmes are implemented to mitigate and further for identified significant impacts and risks. Twenty-one (21) such Management Programmes were taken up in FY 25 and these are being reviewed in MRM (Management Review Meetings) as part of KPCL's IMS.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry):

Indicate input material	Recycled or re-used input material to total material	
	FY 2025	FY 2024
Foundry Steel (MT)	2.79%	3.05%
Foundry Aluminium (MT)	14.61%	12.60%
Foundry Sand (MT)	67.16%	68.93%
Packaging Wood (CFT)	20.51%	17.21%
Machine Oil (KL)	56.22%	56.04%

4. Out of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed:

Parts (MT)	FY 2025			FY 2024		
	Re-Used	Recycled	*Safely Disposed	Re-Used	Recycled	*Safely Disposed
MS Scrap	KPCL does not directly re-use or recycle the parts of reclaimed compressors.		22.78	KPCL does not directly re-use or recycle the parts of reclaimed compressors.		44.52
Cast Iron Scrap			0.01			58.94
Aluminium Scrap			0			0.37

Data related to compressors reclaimed / safely disposed at end of life through Scheme 1, Scheme 2 launched in FY 23, FY 24 respectively.

*While KPCL itself doesn't reuse or recycle the Metal scrap, its safe disposal is ensured to agencies that eventually do it.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category:

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Refrigeration Compressors (Project Renovare)	8.9% (Scheme 1 – 8.6%, Scheme 2 – 9.2%)

Principle 3

Businesses should respect and promote the well-being of all employees, including those in their value chains.

ESSENTIAL INDICATORS

1. a. **Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Employees											
Male	740	740	100%	740	100%	NA	NA	740	100%	0	0%
Female	44	44	100%	44	100%	44	100%	NA	NA	44	100%
Total	**784**	**784**	**100%**	**784**	**100%**	**44**	**6%**	**740**	**94%**	**44**	**6%**
Other than Permanent Employees											
Male	140	140	100%	140	100%	NA	NA	0	0%	0	0%
Female	24	24	100%	24	100%	24	100%	NA	NA	24	100%
Total	**164**	**164**	**100%**	**164**	**100%**	**24**	**15%**	**0**	**0%**	**24**	**15%**

b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Workers											
Male	68	68	100%	68	100%	NA	NA	0	0%	0	0%
Female	1	1	100%	1	100%	1	100%	NA	NA	1	100%
Total	**69**	**69**	**100%**	**69**	**100%**	**1**	**1%**	**0**	**0%**	**1**	**1%**
Other than permanent workers											
Male	684	684	100%	684	100%	NA	NA	0	0%	0	0%
Female	22	22	100%	22	100%	22	100%	NA	NA	22	100%
Total	**706**	**706**	**100%**	**706**	**100%**	**22**	**3%**	**0**	**0%**	**22**	**3%**

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent):

*Parameter	FY 2025	FY 2024
Cost incurred on well-being measures (insurances etc. refer 1a and 1b above) and other welfare measures (health care, health & safety measures, canteen and transport subsidy, etc.) as a % of total revenue of the company	0.58%	0.87%

*Note: Reported as per BRSR Core Reporting Standard published by SEBI.

2. Details of retirement benefits for Current and Previous FY:

Benefits	FY 2025			FY 2024		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
*EPF	95%	98%	Yes	95%	99%	Yes
*Gratuity	95%	98%	Yes	95%	99%	Yes
Superannuation	47.9%	0%	Yes	43.5%	0%	Yes

*Not applicable to fixed period trainees and retainers.

3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps is being taken by the entity in this regard:

Yes, KPCL is constantly working towards providing required supports to make its premises accessible to differently abled employees; buildings, factory premises have lifts, railings for staircases, ramps, adequate spaces / pathways, wheelchair arrangement, factory locations have 24x7 ambulances / health centre facilities, first aid trained security personnel, washrooms etc.

Special attention will be given to make new buildings, factory premises accessible to differently abled employees as per requirements of The Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy:

KPCL through its policies is committed to equal opportunity without discrimination on any grounds. KPCL is in the process of adopting DEI / 'Equal Opportunity Policy'.

5. Return to work and Retention rates of permanent employees and workers that took parental leave:

Gender	Permanent Employees		*Permanent Workers	
	Return to work Rate (%)	Retention Rate (%)	Return to work Rate (%)	Retention Rate (%)
Male	100%	96%	NA	NA
Female	100%	100%	NA	NA
Total	100%	98%	NA	NA

*Note: None of the permanent workers availed of parental leave in FY 25.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief:

Yes, in addition to existing mechanisms to receive and redress employee grievances recently a Kirloskar Ethics Helpline which is managed by independent external agency is introduced. Employees across all locations can lodge grievances through a toll-free number, voicemail, independent website, email or by post. Employees have freedom to share their identity or remain anonymous. Constant communication (Speak Up!) e-mailers create on-going awareness about the helpline and encourage employees to have Zero Tolerance towards; bribery or corruption / discrimination, harassment, threat or violence / theft, fraud or funds misappropriation / conflict of interest / violation of policy or law / safety or environmental hazard.

Permanent workers	Yes, monthly Union Representatives and Management Meetings are held to discuss various topics related to workers.
Other than Permanent Workers	Yes, 2 dedicated headcounts for addressing the issues of other than permanent workers are assigned on all days.
Permanent Employees	Yes, some of the mechanisms that capture, and redress employee grievances are PoSH Internal Committee, Theme Based Virtual Round Table Sessions, Safety Committee Meetings, New Joiners Interaction with HR and SBU Head, Union-Management Meetings, Annual HR Dip-Stick Survey, Alternate Year Employee Engagement Survey, Kirloskar Ethics Helpline.
Other than Permanent Employees	Yes, 2 dedicated headcounts for addressing the issues of other than permanent employees are assigned on all days.

7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:

Category	FY 2025			FY 2024		
	Total employees / workers in respective category (A)	No. of employees / workers in respective categories, who is part of association(s) or Union (B)	% (B / A)	Total employees / Workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	784	0	0%	720	0	0%
Male	749	0	0%	679	0	0%
Female	44	0	0%	41	0	0%
Total Permanent Workers	69	69	100%	72	70	97%
Male	68	68	100%	71	69	97%
Female	1	1	100%	1	1	100%

8. Details of training given to employees and workers:

Category	FY 2025					FY 2024				
	Total (A)	On Health and safety measures		On Skill up-gradation		Total (D)	On Health and safety measures		On Skill up-gradation	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Male	880	844	96%	827	94%	821	780	95%	745	91%
Female	68	61	90%	54	79%	64	54	84%	46	72%
Total	**948**	**905**	**95%**	**881**	**93%**	**885**	**834**	**94%**	**791**	**89%**
Workers										
Male	752	608	81%	691	92%	740	489	66%	639	86%
Female	23	21	91%	22	96%	8	5	63%	8	100%
Total	**775**	**629**	**81%**	**713**	**92%**	**748**	**494**	**66%**	**647**	**86%**

9. Details of performance and career development reviews of employees and workers:

Category	FY 2025			FY 2024		
	Total (A)	No (B)	% (B/A)	Total (C)	No (D)	% (D/C)
Employees						
Male	880	880	100%	821	821	100%
Female	68	68	100%	64	64	100%
Total	**948**	**948**	**100%**	**885**	**885**	**100%**
Workers						
Male	752	391	52%	740	329	44%
Female	23	16	70%	8	1	13%
Total	**775**	**407**	**53%**	**748**	**330**	**44%**

10. Health and Safety Management System:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No) If yes, what is the coverage of such a system?

Yes, KPCL is an IMS (ISO 9001 [Quality], ISO 14001 [Environment], and ISO 45001 [Occupational Health and Safety]) certified company.

b. **What are the processes used to identify work related hazards and assess risks on a routine and non-routine basis by the entity?**

KPCL has implemented QEOHS Policy and put in place a structured approach towards health, safety and environment at its workplaces. The locational safety committees (3) meet every month and apex safety committee (1) meets every quarter to take a review of initiatives and performance. IMS documentation ensures that every department identifies and reviews the work-related hazards and risks & opportunities associated with them in an on-going manner. Dedicated safety managers along with safety committee members ensure that unsafe conditions and unsafe acts are identified and acted upon through Cris-cross Safety Audits, Monthly Safety Walks, and Risk Hunting Initiative. The committee members also participate in CII SHE Study Missions and DISH competitions to benchmark safety practices from other industries. Wider employee participation in identification of hazards and assess risks is ensured through 5S Initiative, Safety Kaizen Initiative and various activities/competitions/workshops organized during safety week. Quarterly Internal IMS Audits, annual IMS External Audit, alternate year statutory safety audit gives insights into aspects related to safety and the observations are addressed in a prompt manner.

c. **Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks (Yes/No)**

Yes, KPCL has a system and formats that employees can use to report unsafe conditions / acts near miss and injury incidents. These reports are analysed to implement corrective / preventive actions.

d. **Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes / No)**

Yes, KPCL has 24x7 Occupational Health Centre with qualified medical and paramedical staff accessible to all employees for first aid and day to day health care. Adequate hospitalization supports are ensured. Periodic e-Wellness communications and online wellness programs (yoga, emotional well-being etc.) address the health awareness needs across the Company. Annual Employee Wellness Health Checks with spouses followed by counselling and Health & Lifestyle Risk Assessment promote well-being at an individual level.

11. Details of safety-related incidents:

Safety Incident/Number	*Category (Including the contract workforce)	FY 2025	FY 2024
Lost Time Injury Frequency Rate (LTIFR) (per million-person hrs worked)	Employees	0	0
	Workers	0	0.21
Total recordable work-related injuries	Employees	3	4
	Workers	13	22
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace:

In addition to initiatives and actions taken as mentioned in response to disclosure no. 10 above, KPCL prioritizes safety trainings including behavioural trainings and employee induction program, work permit system for non-routine work, adherence to safety PPE policy by everyone.

The Apex Safety Committee which includes all SBU / BU Heads in addition to taking safety reviews ensures that safety related budgets, infrastructural spending and capex are prioritized for a safe and healthy workplace.

13. Number of Complaints on the following made by employees and workers*:

	FY 2025			FY 2024		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

*Safety Audit observations are captured monthly and addressed as improvements (369 improvements in FY 25 and 264 improvements in the FY 24 were made through such observations on Working Conditions and Health & Safety).

14. Assessments for the year:

	% of your plants and offices that were assessed (*by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

*All plants and offices are assessed through third party and internal audits as per the requirements of IMS and 5S systems. Additionally, factory locations (plants) are also assessed by Statutory Safety Audits by Government Authorized third party.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions:

Corrective and preventive actions after any incident, identification of unsafe conditions / acts through various mechanisms described above, is a vital requirement of KPCL's safety systems and these actions are implemented, reviewed and horizontally deployed for effective prevention.

Some of the examples of corrective actions taken to address significant concerns are; machine guarding survey and implementation (30 machine guards designed and put in place in FY 25), horizontal lifelines for EOT cranes to ensure safety of maintenance personnel, vertical lifelines and fall arresters to ensure safety of personnel while cleaning and maintenance of rooftop solar panels, arc flash suits to ensure safety of electrical maintenance personnel, initiated auto fire-fighting system for electrical panels etc.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Yes/No) (B) Workers (Yes/No):

(A) Permanent Employees: Yes (B) Permanent Workers: Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners:

Statutory compliances of labour contractors are ensured every month by obtaining a report to that effect along with supporting evidence before payments are released. KPCL is in the process of including such criteria in the selection, evaluation and re-evaluation of value chain partners.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025	FY 2024	FY 2025	FY 2024
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

KPCL organizes 2-day workshop for retiring workers with their spouses' giving insights into post retirement financial planning, health and diet awareness, mental health & well-being and second career guidance.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Number of suppliers assessed in the FY 25 – 374 and FY 24 – 303
Working Conditions	Number of suppliers assessed in the FY 25 – 374 and FY 24 – 303

While suppliers are assessed for health & safety practices and working conditions during their selection and periodic evaluation process, KPCL is putting in place a tracking mechanism to monitor value chain partners that account for 75% of the value of business done with them.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners:

Not applicable as no significant risks or concerns vis-à-vis health & safety practices and working conditions were identified during supplier selection and periodic evaluations carried out in the FY 25.

Principle 4

Businesses should respect the interests of and be responsive to all its stakeholders.

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity:

KPCL has identified its key internal and external stakeholders through peer review and analysis of stakeholder groups considering that they could have potential impact or influence on its business operations, as well as the impact the Company might have on them.

KPCL recognizes that failing to consider stakeholder needs and expectations may jeopardize its long-term value generation strategy and believes that their opinion and concerns are just as vital to the business as its own strategic decisions.

KPCL connects and actively engages with the stakeholders on a regular basis through various communication channels, and the valuable interactions help it in the continual improvement of operations, products and services.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	- Emails, Notices, Displays, Meetings, Intranet, Website.	- Continuous / Frequently	- Employee morale and productivity.
		- Review Meetings, Performance Appraisal Dialogues.	- Weekly / Monthly / Quarterly / Annually	- Employee health, safety and well-being.
		- KORE Platform (e-Learning Management System), Trainings, Theme Based Virtual Round Tables.	- As per annual training/events calendar	- Learning, development and growth.
		- MD's Address.	- Annual	- Policies, processes and performance.
		- In-House Magazine (Impeller).	- Quarterly	- Business communications.
		- Employee Engagement Activities	- Annual	- Employee satisfaction, engagement and benchmarking.
		- Get-togethers, Sports and Cultural Activities.	- Annual	
		- HR Dip-stick Survey	- Annual	
		- Employee Engagement Survey.	- Alternate Year	
		- Annual Reward & Recognition Felicitation Programme.	- Annual	

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors & Shareholders	No	- Annual General Meetings, Annual Reports. - Quarterly Results, Press Releases, Media Interactions - Investor Presentations, Earnings Calls, Advertisements. - Stock Exchange Filings, Notices to Shareholders, Postal Ballots, Advertisements, Investor Meets, Emails, One-to-one Interactions, Website.	- Annual - Quarterly - Continuous / Frequently	- Corporate Governance, Transparency in disclosures and Enhancing enterprise Value. - Performance and Financial Results. - Strategy and Business Operations, Report on CSR, Conservation of Energy and Technology Absorption.
Suppliers	No	- Emails, Website, Telephonic conversations, i-Supplier Web Portal, Virtual Meetings, Visits and Workshops. - Supplier Meets. - Vendor Satisfaction Survey.	- Continuous / Frequently - Annual - Alternate Year	- Mutually beneficial and long-term relationship. - Ethical practices, timely delivery and payments. - Quality assurance and improvement projects. - Business expectations and growth. - Vendor Satisfaction and opportunities for improvements.
Dealers & Customers	No	- Emails, Website, Visits and Interactions, O & M Manuals. - Dealer Meets. - Customer Satisfaction Survey.	- Continuous / Frequently - Annual - Alternate Year	- Mutually beneficial and long-term relationship. - Business Promotion, Pre-sales support, timely delivery and prompt after-sales service. - Business opportunities. - Fair business practices. - Customer satisfaction and opportunities for improvements.
Government & Regulatory Bodies	No	Interactions with District and State Authorities, Central Government, Pollution Control Boards, Stock Exchanges and SEBI, Direct and Indirect Tax Officials, Economic Publications in Journals, Seminars, Media Reports	- On-going and Need based	Statutory and Regulatory Compliances.

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Banks	No	Consortium Meetings, Periodical Meetings with the member banks.	- Annual and Need based - On-going	To approve fund based and non-fund-based limits for the Company.
Society & Communities	- School children from weaker sections. - Social criteria for skilling beneficiaries.	- In-person interactions by CSR Team, Volunteers, Partners. - CSR Field Visits. - Society (CSR) Perception Survey and Focused Group Discussions.	- Continuous / Frequently - Alternate year	- Needs and expectations - Impacts, satisfaction and opportunities for improvements.

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board:**

   KPCL maintains a pro-active engagement with its key stakeholders as mentioned in the table above.

   As a business practice, departmental heads interact with their internal and external stakeholders on regular intervals and stakeholder insights are shared with top management and subsequently with the Board Members to take appropriate steps and actions as required. Stakeholders' Engagement outcomes are shared through SBU's and MD's presentations to the Board.

2. **Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No). If so, provide details of instances as to how the input received from stakeholders on these topics was incorporated into policies and activities of the entity:**

   Yes, KPCL's Materiality Assessment was conducted in consultation with its key identified stakeholder groups. The Company engaged with its stakeholder groups (both internal and external stakeholders) through a comprehensive confidential third-party survey and gathered their inputs to determine and prioritize the sustainability issues that matters most to sustainability of its business operations.

   Inputs received from periodic interactions with its stakeholders are considered in various activities. For example: HR visits to Regional Offices and interactions led to revision of local conveyance and leave policies. Breakthrough Innovation Platform suggestion gave birth to 'Project Foresight' providing opportunities to employee teams to propose new business ideas, Customers' expectations for buyback scheme gave birth to Project Renovare resulting in end of life product management promoting circular economy (the details of which are given in Principle 3 disclosures – essential indicator no. 3 and leadership indicator nos. 4,5), Suppliers' need resulted in Supplier Quality Improvement Program with 35 key suppliers resulting in reduction in rejection PPM by almost 83%, Secondary education promotion was enhanced after receiving feedback through KPCL's Society Perception Survey by providing life skills training through its CSR initiative (Bharari), a new school health initiative, Releshani was launched through Company's CSR for adolescent boys and girls after taking into consideration the views and needs perceived through various interactions with school teachers, parents and students themselves.

3. **Provide details of instances of engagement with, and actions taken to; address the concerns of vulnerable/ marginalized stakeholder groups:**

   Inclusion as a guiding principle, KPCL's CSR initiatives reach out to the bottom of the social pyramid and address the concerns of stakeholders like socio-economically challenged girls (through Bharari, KaShi and Releshani programs). The Youth Skilling Initiative designed towards imparting future ready skills (like Diploma in Mechatronics & Smart Factory) and ensuring sustainable employability gives opportunities to the most vulnerable and deprived sections of the society (e.g. 43% of 155 students supported currently are girls out of whom 10 are orphans and another 9 have only single mothers).

Principle 5 Businesses should respect and promote human rights.

ESSENTIAL INDICATORS

1. **Employees and workers who have been provided training on human rights issues and the policy of the entity:**

Category	FY 2025			FY 2024		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	784	693	88%	720	637	88%
Other than permanent	164	129	79%	165	79	48%
Total employees	**948**	**822**	**87%**	**885**	**716**	**81%**
Workers						
Permanent	69	17	25%	72	6	8%
Other than permanent	706	365	52%	676	120	18%
Total workers	**775**	**382**	**49%**	**748**	**126**	**17%**

2. **Details of minimum wages paid to employees and workers:**

Category	FY 2025					FY 2024				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Permanent	784	0	0%	784	100%	720	0	0%	720	100%
Male	740	0	0%	740	100%	679	0	0%	679	100%
Female	44	0	0%	44	100%	41	0	0%	41	100%
Other than permanent	164	0	0%	164	100%	165	0	0%	165	100%
Male	140	0	0%	140	100%	142	0	0%	142	100%
Female	24	0	0%	24	100%	23	0	0%	23	100%
Workers										
Permanent	69	0	0%	69	100%	72	0	0%	72	100%
Male	68	0	0%	68	100%	71	0	0%	71	100%
Female	1	0	0%	1	100%	1	0	0%	1	100%
Other than permanent	706	109	15%	597	85%	676	22	3%	654	97%
Male	684	103	15%	581	85%	669	22	3%	647	97%
Female	22	6	27%	16	73%	7	0	0%	7	100%

3. Details of remuneration/salary/wages:

a. Median remuneration / wages:

Category	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ Million)	Number	Median remuneration/ salary/ wages of respective category (₹ Million)
Board of Directors (BoD) (Excludes 2 Directors who are included in KMPs)	6	2.18	1	1.175
Key Managerial Personnel (includes 2 Directors)	4	19.80	0	NA
Employees other than BoD and KMP	736	1.02	44	0.75
Workers	68	0.46	1	1.17

Information given above is based on permanent headcount of 31st March, 2025.

b. Gross wages paid to females as % of total wages paid by the entity:

*Parameter	FY 2025	FY 2024
Gross wages paid to females as % of total wages	3.5%	3.3%

*Note: Reported as per BRSR Core Reporting Standard published by SEBI.

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No):

Yes, there is Human Right policy in place. The Ethics Committee, Ethics Ombudsman and Ethics Counsellors are responsible for addressing issues by following the Whistle-blower Policy and Vigil Mechanism thereon. Whistle-blower Policy Web link is given below:

https://www.kirloskarpneumatic.com/investors/company-policies

5. Describe the internal mechanisms in place to redress grievances related to human rights issue:

In addition to existing mechanisms like Whistle-blower, a Kirloskar Ethics Helpline which is managed by independent external agency is introduced to receive and redress employee grievances.

6. Number of Complaints on the following made by employees and workers:

Section	FY 2025		FY 2024	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	0	NA	0	NA
Discrimination at workplace	0	NA	0	NA
Child Labour	0	NA	0	NA
Forced Labour/ Involuntary Labour	0	NA	0	NA
Wages	0	NA	0	NA
Other human rights related issues	0	NA	0	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

*Parameter	FY 2025	FY 2024
Total complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (PoSH)	0	0
Complaints on PoSH as a % of female employees / workers	0	0
Complaints of PoSH upheld	NA	NA

*Note: Reported as per BRSR Core Reporting Standard published by SEBI.

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

Kirloskar Ethics Helpline has a mechanism for anonymous reporting and assurance of 'no retaliation' for the complainants in harassment and discrimination cases. The details of the complainant are kept strictly confidential, and the complaint is investigated by the assigned committee following the laid down timelines, policy and procedure (e.g. PoSH Policy).

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, while due diligence of human rights principles is ensured during supplier selection and evaluation process, similar approach is being adopted for selecting and evaluating dealers going forward. KPCL is conscious of ensuring that human rights are respected and followed in spirit by its entire value chain.

10. Assessments for the year:

Section	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	100%
Discrimination at workplace	100%
Child Labour	100%
Forced Labour/ Involuntary Labour	100%
Wages	100%

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above:

Not applicable as there were no significant human rights related risks / concerns identified by KPCL during the FY 25.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced because of addressing human rights grievances/complaints:

Not applicable as no grievances / complaints were received regarding violation of Human Rights Policy during the FY 25.

2. Details of the scope and coverage of any Human rights due diligence conducted:

KPCL has a Code of Conduct, Human Rights Policy, PoSH Policy and Grievance Mechanisms like Whistle-blower, Kirloskar Ethics Helpline etc. which are communicated and implemented covering the entire organization including internal and external stakeholders that ensured non-violation of any human rights.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, KPCL is constantly working towards providing required supports to make its premises accessible to differently abled employees or visitors; buildings, factory premises have lifts, railings for staircases, ramps, adequate spaces / pathways, wheelchair arrangement, factory locations have 24x7 ambulances / health centre facilities, first aid trained security personnel, washrooms etc.

Special attention will be given to make new buildings, factory premises accessible to differently abled employees as per requirements of The Rights of Persons with Disabilities Act, 2016.

4. Details on assessment of value chain partners:

Section	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment Discrimination at workplace Child Labour Forced Labour/Involuntary Labour Wages	Number of suppliers assessed in the FY 25 – 374 Number of suppliers assessed in the FY 24 – 303
While suppliers are assessed for human rights during their selection and periodic evaluation process, KPCL has put in place a mechanism to evaluate suppliers contributing to 75% of total purchases.	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above:

Not applicable as no grievances / complaints were identified regarding violation of Human Rights Policy during FY 25.

Principle 6

Businesses should respect and make efforts to protect and restore the environment.

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules, or multiples) and energy intensity:

*Parameter	FY 2025	FY 2024
From renewable sources		
Total electricity consumption (A) (GJ)	4,705.46	4,307.73
Total fuel consumption (B) (GJ)	3,946.33	535.58
Energy consumption through other sources (C) (GJ)	0	0
Total energy consumed from renewable sources (A+B+C)	**8,651.79**	**4,843.31**
From non-renewable sources		
Total electricity consumption (D) (GJ)	56,467.85	46,699.71
Total fuel consumption (Diesel) (E) (GJ)	5,319.91	4,541.13
Total fuel consumption from other sources (F) (GJ)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**61,787.76**	**51,240.84**
Total energy consumed (A+B+C+D+E+F)	**70,439.55**	**56,084.15**
Energy intensity per rupee turnover (Total energy consumption / Revenue from operations) (GJ/₹)	0.000004325	0.000004240
****Energy intensity per rupee turnover adjusted for Purchasing Power Parity (PPP)** (Total energy consumption / Revenue from operations adjusted for PPP) (GJ/₹ adjusted for PPP)	0.000089356	0.000094985
*****Energy intensity in terms of physical output** Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Notes:

*Reported as per BRSR Core Reporting Standard published by SEBI.

**PPP conversion rate for year 2024 of 22.4 and for year 2025 of 20.66- https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC

***Due to the diverse nature of the business operations and products/services of the Company, it is not feasible to determine the physical output for the calculation of Intensity.

Internal and external IMS Audits on energy objectives and KPIs are carried out but no specific external assurance (Energy Audit) is carried out by KPCL for FY 25.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any:

No, KPCL does not have any sites / facilities identified as designated consumers under PAT scheme of the Government of India.

3. Provide details of the following disclosures related to water:

*Parameter	FY 2025	FY 2024
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	69,119.44	70,355
(iv) Seawater / desalinated water	0	0
(v) Others (demineralized water used in foundry)	66	30
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**69,185.44**	**70,385**
Total volume of water consumption (in kilolitres)	**69,185.44**	**70,385**
Water intensity per rupee turnover (Water consumed / Revenue from operations in ₹)	0.000004248	0.000005322
****Water intensity per rupee turnover adjusted for Purchasing Power Parity (PPP)** (Total water consumption / Revenue from operations adjusted for PPP) (kilolitres/₹ adjusted for PPP)	0.000087765	0.00011920
*****Water intensity in terms of physical output** Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Notes:

*Reported as per BRSR Core Reporting Standard published by SEBI.

**PPP conversion rate for year 2024 of 22.4 and for year 2025 of 20.66 - https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC

***Due to the diverse nature of the business operations and products/services of the Company, it is not feasible to determine the physical output for the calculation of Intensity.

No specific external assurance (Water Audit) is carried out by KPCL in FY 25.

4. Provide the following details related to water discharged:

Parameter	FY 2025	FY 2024
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	0	0
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater	0	0
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) To Seawater	0	0
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third-parties	0	0
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others	0	0
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in Kilolitres)	0	0

Note: No specific external assurance (Water Audit) is carried out by KPCL for FY 25.

KPCL's plants do not discharge water outside of its premises with or without treatment. Water treated through STP processes is used in the premises for gardening purposes (9,873.39 KL and 8,410.38 KL recycled water was used for gardening in FY 25 and FY 24 respectively) .

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation:

Yes, KPCL's plants have ETPs (Effluent Treatment Plants) and STPs (Sewage Treatment Plants) installed. The water used for industrial processes and other general purposes after the treatment is tested by NABL accredited lab. STP water is reused for gardening purpose throughout the factory premises. No water used in the factories is discharged to the municipal drains. KPCL is in the process of implementing zero liquid discharge mechanism by reusing ETP treated water in the industrial processes only.

6. Provide details of air emissions (other than GHG emissions) by the entity:

Parameter	Please specify unit	FY 2025	FY 2024
NOx	mg/Nm3	5.0	5.23
SOx	Kg/day	2.9	1.1
Particulate matter (PM)	mg/Nm3	22.96	17.28
Persistent organic pollutants (POP)	NA (As per MPCB consent)	NA	NA
Volatile organic compounds (VOC)	NA (As per MPCB consent)	NA	NA
Hazardous air pollutants (HAP)	NA (As per MPCB consent)	NA	NA

Note: Internal and external IMS Audits on parameters included in MPCB Consent are carried out but no specific external assurance (Emissions Audit) is carried out by KPCL for FY 25.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

*Parameter	Please specify units	FY 2025	FY 2024
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	690.85	315.28
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	11,403.37	9,288.05
***Total Scope 1, Scope 2 emissions**	Metric tonnes of CO2 equivalent	**12,094.22**	**9,603.33**
Total Scope 1, Scope 2 emissions per rupee turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO2 equivalent / ₹	0.000000743	0.000000726
****Total Scope 1 and Scope 2 emission intensity per rupee turnover adjusted for Purchasing Power Parity (PPP)** (Total Scope 1 and Scope 2 GHG emission / Revenue from operations adjusted for PPP) (Metric tonnes of CO2 equivalent/₹ adjusted for PPP)	Metric tonnes of CO2 equivalent / ₹ adjusted for PPP	0.000015343	0.000016264
*****Total Scope 1 and Scope 2 emission intensity in terms of physical output** Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

Notes:

*Reported as per BRSR Core Reporting Standard published by SEBI.

** PPP conversion rate for year 2024 of 22.4 and for year 2025 of 20.66 - https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC

***Due to the diverse nature of the business operations and products/services of the Company, it is not feasible to determine the physical output for the calculation of Intensity.

Internal and external IMS Audits on parameters included in MPCB Consent are carried out but no specific external assurance (Emissions Audit) is carried out by KPCL for FY 25.

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details:

Yes, KPCL in FY 23 installed and commissioned 680 kW (AC) Rooftop Solar Plant at our Saswad Factory. Additionally, 300 kW (AC) and 800 kW (AC) Solar Plants are installed at the Saswad and Hadapsar Factories respectively and these have become operational from February 2025. Therefore, with total installed capacity of 1.78 MW (AC) these Solar Plants generated 1,307.07 MWh energy resulting in elimination of Scope 2 emissions by 935.86-ton CO2e.

Additionally, KPCL focuses on plantation and greening of its factory premises and has carried out Carbon Sequestration Assessment of Trees:

Hadapsar Plant (FY 25) – Trees store 48.44 tons of carbon with a potential of sequestering 0.93 tons per year (2% increase in standing biomass, stored carbon and carbon sequestration potential).

Saswad Plant (FY 25) – Trees store 128.89 tons of carbon with a potential of sequestering 2.4 tons per year (14% increase in standing biomass, stored carbon with doubling of carbon sequestration).

9. Provide details related to waste management by the entity:

*Parameter	FY 2025	FY 2024
	Total Waste generated (in MT)	
Plastic waste (A)	8.26	7.96
E-waste (B)	3.20	3.51
Bio-medical waste (C)	0.0129	0.009
Construction and demolition waste (D)	55.32	193.23
Battery waste (E)	0.79	1.12
Radioactive waste (F)	0	0
Other Hazardous waste (as per MPCB Consent) (G)	242.23	149.80
Other Non-hazardous waste generated (H). Please specify, if any.	1,993.61	1,435.63
Total (A+B + C + D + E + F + G + H)	**2,303.42**	**1791.25**
Waste intensity per rupee turnover (Total waste generated / Revenue from operations)	0.000000141	0.000000135
****Waste intensity per rupee turnover adjusted for Purchasing Power Parity (PPP)** (Total waste generated / Revenue from operations adjusted for PPP) (Metric tonnes of waste generated / ₹ adjusted for PPP)	0.000002922	0.000003034
*****Waste intensity in terms of physical output** Waste intensity (optional) – the relevant metric may be selected by the entity	-	-

Notes:

*Reported as per BRSR Core Reporting Standard published by SEBI.

**PPP conversion rate for year 2024 of 22.4 and for year 2025 of 20.66 - https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC

***Due to the diverse nature of the business operations and products/services of the Company, it is not feasible to determine the physical output for the calculation of Intensity.

Indicate if any independent assessment/evaluation/assurance have been carried out by an external agency? (Yes/No) If yes, name of the external agency.

Yes, KPCL's independent assessment of hazardous waste management is carried out through IMS external Audits and Hazardous Waste Annual Report filed through MPCB website.

a. For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (MT):

Category of waste	FY 2025	FY 2024
	*Total waste recycled or re-used (MT)	
Recycled	1,041.69	967.62
Re-used	1,043.74	686.83
Other Recovery Options	0	0

*Plastic, paper, rubber waste, metal scrap, used / spent oil, discarded containers / barrels, wooden scrap, e-waste, battery waste, construction / demolition waste, sand are sent to authorized party / recycler / processor / CHWTSDF for re-use / recycle as per MPCB Consent.

b. For each category of waste generated, total waste disposed by nature of disposal method (MT):

Category of waste	FY 2025	FY 2024
	*Total waste disposed (MT)	
Incineration	21.87	29.16
Landfill	196.12	107.64
Other Recovery Options	0	0

*Foundry dross, shot blasting, grinding dust, chemical / paint / ETP sludge, waste oil residues / gloves / filters, chemical bottles, discarded asbestos, glass wool, biomedical waste are sent to authorized processor / CHWTSDF for safe disposal by landfill / incineration as per MPCB Consent.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such waste:

KPCL's waste management systems are well defined to manage operational waste. We follow the MPCB Hazardous Waste (Management, Handling & Trans-boundary) Rules, 2016 for effective management of our waste.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, specify details:

KPCL does not have any offices or operational sites in the vicinity of any ecologically sensitive area.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Regulations requiring Environmental Impact Assessment (EIA) of projects is not applicable to any of the projects undertaken by KPCL.

13. Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder (Yes/No). If not, provide details of all such non-compliances:

We are compliant with the applicable environmental laws / regulations / guidelines of the country.

LEADERSHIP INDICATORS

1. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters): For each facility / plant located in areas of water stress, provide the following information:

KPCL acknowledges water stress as a looming threat and is committed to reduce water consumption by 25% by 2030 and achieve ZLD (Zero Liquid Discharge) status for all its manufacturing plants.

i. Name of the area – Manufacturing operations located at Hadapsar (Pune), Saswad (Pune) and Eklahare (Nashik).

ii. Nature of operations – Manufacturing and service of engineering goods.

iii. Water withdrawal, consumption and discharge – Refer to Essential Indicator No. 3, 4 of Principle 6.

2. Please provide details of total Scope 3 emissions & their intensity:

KPCL is currently in the process of quantifying its Scope 3 emissions and will disclose data related to it in the upcoming years.

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities:

Not Applicable as none of KPCL's facilities or plants are in ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as the outcome of such initiatives:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any)	Outcome of the initiative
1	Rooftop Solar Plant-800 kW (AC) at Hadapsar Factory and expansion by 300 kW (AC) at Saswad Factory.	Solar Plants commissioned in February 2025 Hadapsar and Saswad Factories.	Collectively 1,100 kW Solar Plants will generate 1,877 MWh energy resulting in elimination of 1,343.90 Ton of CO2 emission per year.
2	ETP and STP to recycle water	Recycled water used for gardening.	Zero water discharged outside of plants.
3	Carbon Sequestration	Tree plantations and green initiatives.	Trees store 177.33 Tons of carbon and sequestering of 3.33 Tons/year.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words / web link:

KPCL has adopted Business Continuity Policy-Web link:

https://www.kirloskarpneumatic.com/investors/company-policies

KPCL's Risk Management Policy emphasizes the business continuity and disaster management plan. Risk Management Committee identifies risks that can lead to disruptions and puts in place action plans as well as monitors the outcomes. The risk management plans and outcomes are reviewed by the Board.

The IT Security Policy and other initiatives including recovery plans are put in place to ensure that threats arising from cyber frauds, hacking or breakdown of servers are prevented.

Emergency Preparedness Plan as part of IMS implementation ensures that all plants and offices of KPCL focus on prediction / prevention of major incidents like fires, accidents and are prepared to mitigate any emergency that may arise during operations.

With the experience of handling COVID-19 related situations, KPCL is also better prepared to manage any significant local or global health emergency or pandemic in future.

KPCL will work with District Disaster Management Committee and other relevant Government forums to handle any climate change related events or natural disasters / calamities.

6. Disclose any significant adverse impact on the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

KPCL carries out assessment of its suppliers on various environment and social parameters during their selection and periodic evaluation. No significant concerns and adverse environmental impacts were identified during these assessments in the FY 25.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:

374 and 303 suppliers were assessed by KPCL in the FY 25 and the FY 24 respectively. While suppliers are assessed for environmental impacts during their selection and periodic evaluation process, KPCL has put in place a mechanism for assessing suppliers that are accounting for 75% of the total purchases.

Principle 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers / associations:

KPCL has affiliations with 10 trade and industry associations.

b. List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to:

S. No.	Name of the trade and industry chambers / associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National (India)
2	Engineering Export Promotion Council (EEPC)	National (India)
3	Maharashtra Chamber of Commerce and Industry	State (Maharashtra)
4	Mahratta Chamber of Commerce, Industries & Agriculture (MCCIA)	State (Maharashtra)
5	Indian Council of Arbitration	National (India)
6	Association of Ammonia Refrigeration	National (India)
7	Cold Storage Owners Association	National (India)
8	Quality Circle Forum of India	National (India)
9	Indian Society of Heating, Refrigerating and Air-conditioning Engineers (ISHRAE)	National (India)
10	Maharashtra Economic Development Council	State (Maharashtra)

2. **Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities:**

   Not applicable as there were no issues related to anti-competitive conduct by KPCL or adverse orders from regulatory authorities during the FY 25.

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

   KPCL is a member of various national and state industry confederations / chambers / associations where it actively participates and views such memberships as strategic in nature. Our senior executives participate in various meetings and seminars through active dialogues. They provide their expertise and business acumen during public policy consultations. Going forward KPCL intends to develop a tracking mechanism for details of public policy advocacy including reviews of such advocacy by the Board and making the information available in public domain.

Principle 8

Businesses should promote inclusive growth and equitable development.

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current FY 25:**

   As per applicable laws, SIA is not applicable for any of the projects undertaken by KPCL.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:**

   Not applicable as KPCL does not have any projects for which on-going Rehabilitation and Resettlement (R&R) is required to be undertaken.

3. **Describe the mechanisms to receive and redress grievances of the community:**

   Grievance Redressal Policy addresses and provides relevant links for community members to lodge a grievance or a concern. These can also be raised during on-going, in-person interactions with CSR stakeholders including beneficiaries, partners during planning, implementation and follow up of various CSR initiatives.

   Society (CSR) Perception Survey conducted every alternate year through an external agency includes focus group discussion with community stakeholders which captures grievances / concerns, if any along with suggestions for improvements.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

*Category	FY 2025	FY 2024
Directly sourced from MSMEs/ small producers	31.28%	49.50%
Directly sourced from within India	81.36%	77.50%

Note: *Reported as per BRSR Core Reporting Standard published by SEBI.

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:**

*Location	FY 2025	FY 2024
Rural	0%	0%
Semi-urban	16%	16%
Urban	0%	0%
Metropolitan	84%	84%

*To be categorized as per RBI Classification System (population) – rural (< 10,000) / semi-urban (10,000-1,00,000) / urban (1,00,000-10,00,000) / metropolitan (> 10,00,000)

Note: *Reported as per BRSR Core Reporting Standard published by SEBI.

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Not applicable (refer to Principle 8 Essential Indicator No. 1)

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   Not applicable as KPCL's CSR activities are generally carried out in the vicinity of its plants / operations. Currently, KPCL does not have any of its plants / operations in or around designated aspirational districts.

3. a. **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No):**

   No.

   b. **From which marginalized /vulnerable groups do you procure?**

   Not applicable.

   c. **What percentage of total procurement (by value) does it constitute?**

   Not applicable.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

   KPCL has not derived any benefits from intellectual properties owned or acquired based on traditional knowledge.

5. **Details of corrective actions taken or underway based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:**

   Not applicable.

6. **Details of beneficiaries of CSR Projects:**

S. No.	*CSR Project	No. of people benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Promoting higher education through KIM	234	-
2	Sponsoring students to promote employability-oriented education / skilling (NTTF Diploma; Mechatronics & Smart Factory, Electronics & Embedded Systems, Electrical & Electronics)	155	100%
3	Bharari (Life-skills for Secondary School students from 5 schools)	360	100%
4	KaShi (Education Support for Secondary School students)	40	100%
5	Kirloskar Vasundhara, RRM School Initiative for 26 schools	51,250	100%
6	Releshani (School Health Initiative-Adolescence) for 14 schools / junior colleges	1,400	100%
7	Facilitation for Clean Drinking Water Plants for 31 schools	37,000	100%

Note: KPCL's various CSR initiatives have benefitted 90,000 + community members in the reporting year of FY 25.

*KPCL's CSR Guiding Principles and Projects are aligned to United Nation's Sustainable Development Goals. Refer to details of CSR Initiatives of the Company in Director's Report and Management Discussion & Analysis in addition to Annexure 2 (CSR Report) of the Annual Report 2024-25. Corporate Social Responsibility Policy of the Company can be accessed through the website policies link: https://www.kirloskarpneumatic.com/investors/company-policies

Principle 9

Businesses should engage with and provide value to their consumers in a responsible manner.

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:

Resolving customer complaints and action planning on improvements identified through customer feedback are considered by KPCL as the topmost priority.

The CCMS (Customer Complaints Management System) through ERP is used to register, track and resolve customer complaints in an on-going manner. The end users: OEMs can also lodge the complaints with KPCL's dealers which eventually reach the respective SBU Service teams through Regional Offices and Head Office.

Additionally, various stakeholder engagements including annual Dealer's Meet also capture issues faced by the dealers, consultants and end users / OEMs.

Customer Satisfaction Survey is carried out every alternate year through independent external agency for all SBUs. It not only highlights the satisfaction levels but also the issues faced by customers, dealers, consultants and end users.

Monthly Feedback Meetings (MFMs) led by QA and SBUs are conducted to monitor progress on issues raised by customers. The customer complaints are a key performance parameter for every SBU, and related data / actions are reviewed monthly in MORe (Management Operations Review) meetings.

KPCL's Whistle-blower Policy is applicable to its customers as well. Web link:

https://www.kirloskarpneumatic.com/investors/company-policies

2. Turnover of products and / services as a percentage of turnover from all products/ service that carry information about:

Parameter	As a percentage to total turnover
Environmental and social parameters relevant to the product Safe and responsible usage Recycling and/or safe disposal	100% of KPCL's products carry information about its responsible and safe usage. KPCL provides relevant environmental, social information as well as dos and don'ts in product brochures, labels as per the requirement of national and international regulatory guidelines. The Operations & Maintenance Manuals carry a detailed guideline about safe use and end of life disposal of products.

3. Number of consumer complaints in respect of the following:

Category	FY 2025			FY 2024		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other	0	0	NA	0	0	NA

4. Details of instances of product recalls on account of safety issues:

Not applicable as KPCL had no instances of either voluntary or forced product recalls on safety issues during FY 25.

5. **Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy:**

   Core Security architecture framework is in place; up-gradation of the same with latest available features, versions and tools is an ongoing process.

   Basic IT Policy which includes IT Security aspects documented is available; entire IT security landscape is undergoing uplift, including IT Cyber Security related policies.

   Web-link of Information Security Policy: https://www.kirloskarpneumatic.com/investors/company-policies

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services:**

   KPCL has these preventive mechanisms in place: Tools like Antivirus (End Point Detection and Response), Threat Protection Software, Intrusion Detection and Prevention Software, Strong Passwords (End User Training / Awareness and Policies) as well as additionally Firewall Setup, Web Filtering Software, Product Patching and Monitoring.

   We have completed the implementations of SOC (Security Operations Centre), NOC (Network Operations Centre) and SSO (Single Sign On) for all users as well as onboarding of Vulnerability Assessment Tools and Port Scanning.

7. ***Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact:**

      No data breaches were recorded in FY 25.

   b. **Percentage of data breaches involving personally identifiable information of customers:**

      No data breaches were recorded in FY 25.

   c. **Impact, if any, of the data breaches:**

      NA

Note: *Reported as per BRSR Core Reporting Standard published by SEBI.

LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available):**

   Information relating to all the products and services provided by KPCL is available on the Company's website https://www.kirloskarpneumatic.com/products

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services:**

   Operation, Instructions and Maintenance Manual is supplied along with the products which cover instructions / guidelines related to safe and responsible operation of products including do's & don'ts and end of use disposal.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:**

   Not applicable as KPCL is not directly involved in providing essential services to consumers. Company has a strong and ongoing engagement with all its identified stakeholders that ensures that any risk of disruption / discontinuation of services are managed with mutual considerations.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No):**

   Yes, KPCL does provide basic information related to product such as Product Model No. / Sr. No., Manufacturing Year, Applicable Technical Parameters of products as well as safety dos & don'ts.

   KPCL carries out Customer Satisfaction Survey every alternate year through an independent external agency for all its SBUs covering dealers, consultants and end users / OEMs. Overall Customer Experience Index is at 89% as per the last survey conducted by an independent third-party agency.

Independent Assurance Statement

To,
Kirloskar Pneumatic Company Limited
One Avante, 3rd Floor, Karve Road,
Kothrud, Pune, 411038

Independent Assurance Statement to Kirloskar Pneumatic Company Limited on select non-financial disclosures in the Business Responsibility & Sustainability Report for the financial year 2024-25.

Introduction and objective of engagement

Kirloskar Pneumatic Company Limited (the 'Company') has developed its Business Responsibility and Sustainability Report (BRSR) (the 'Report') based on the BRSR reporting guidelines prescribed by SEBI for listed entities. The reporting criteria have been derived from the Principles of National Guidelines on Responsible Business Conduct, 2018 (NGRBC), and Greenhouse Gas (GHG) Protocol - A Corporate Accounting and Reporting Standard. The BRSR will be part of the Company's Annual Report 2024-25.

BDO India LLP (BDO) was engaged by the Company to provide independent limited assurance on select non-financial information in the Report for the financial year 2024-25.

The Company's responsibilities

The Report content and its presentation are the sole responsibilities of the management of the Company. The Company management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

BDO's responsibilities

BDO India LLP responsibility, as agreed with the management of the Company, is to provide assurance on the Report content as described in the 'Scope & boundary of Assurance' section below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance a third party may place on the Report is entirely at its own risk.

Assurance standard

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and ISAE 3410, "Assurance Engagements on Greenhouse Gas Statement" issued by the International Auditing and Standards Board. We applied the criteria of 'Limited' assurance.

Scope & boundary of assurance

We have assured a select set of sample indicators in the Report pertaining to the Company's non-financial performance covering its operations for the period 1st April 2024 through 31st March 2025.

Assurance methodology

Our assurance process entails conducting procedures to gather evidence regarding the reliability of the disclosures covered in the assurance scope. We conducted a review and verification of data collection, collation, and calculation methodologies, and a general review of the logic of inclusion/ omission of relevant information/ data in the Report. Our review process included:

- Evaluate and assess the appropriateness of the quantification methods used to arrive at the non-financial sustainability information of the select BRSR indicators in the Report;
- Review of consistency of data/information within the Report as well as between the Report and source;
- Engagement through discussions with personnel at the corporate level who are accountable for the data and information presented in the Report;

- Execution of an audit trail of claims and data streams, to determine the level of accuracy in collection, transcription, and aggregation;
- Review of data collection and management procedures, and related internal controls.

We used our professional judgement as Assurance Provider and applied appropriate risk-based approach, for determining sample for review of non-financial information for verification. The reviews were conducted through physical mode, where information and evidence were made available to us.

Limitations and exclusions

There are inherent limitations in an assurance engagement, including, for example, the use of judgement and selective testing of data. Accordingly, there are possibilities that material misstatements in the Report may remain undetected.

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2024 to 31st March 2025)
- Review of the 'economic and/or financial performance indicators' included in the Report or on which reporting is based; we have been informed by the Company that these are derived from the Company's audited financial records;
- The Company's statements and claims related to any topic other than those listed in the 'Scope & boundary of assurance;
- The Company's statements that describe qualitative/quantitative assertions, expression of opinion, belief, inference, aspiration/targets, expectation, aim or future intention.

Our observations

We have reviewed the disclosures in the "Report" for the reporting period from 1st April 2024 through 31st March 2025. The disclosures of the Company, covered under the 'Scope and boundary of assurance', are fairly reliable.

Our Conclusions

Based on the procedures performed and evidence obtained as defined under the 'Scope & boundary of assurance', nothing has come to our attention that causes us not to believe that the disclosures of the Company are presented fairly in accordance with the relevant reporting guidelines/standards.

Our assurance team and independence

BDO India LLP is a professional services firm providing services in Advisory, Assurance, Tax, and Business Advisory Services, to both domestic and international organizations across industry sectors. Our non-financial assurance practitioners for this engagement are drawn from a dedicated Sustainability and ESG Team in the organization. This team is comprised of multidisciplinary professionals, with expertise across the domains of sustainability, global sustainability reporting standards and principles, and related assurance standards. This team has extensive experience in conducting independent assurance of sustainability data, systems, and processes across sectors and geographies. As an assurance provider, BDO India LLP is required to comply with the independence requirements set out in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

For **BDO India LLP**

Indra Guha
Partner | Sustainability & ESG
Business Advisory Services

Gurugram, Haryana
25th June 2025

Standalone
Financial Statements

Independent Auditor's Report

To the Members of

Kirloskar Pneumatic Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Kirloskar Pneumatic Company Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended and notes to the Standalone financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *"Auditor's Responsibilities for the Audit of the standalone financial statements"* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *"Auditor's responsibilities for the audit of the standalone financial statements"* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1	**Revenue Recognition** (Refer note 18, 60.3.1 and 60.4.15 of the accompanying standalone financial statements) Company's revenue comprises of revenue from sale of goods as well as services, including cases where performance obligations are satisfied at a point in time as well as over a period of time. Revenue recognition has been identified as a key audit matter since it involves management judgment and estimates, and the fact that it is considered to be a key metric for evaluation of Company's performance.	Our audit procedures included the following: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal financial controls in relation to revenue recognition. • Assessing the appropriateness of the accounting policies related to revenue recognition with reference to the applicable Indian Accounting Standards. • Testing the revenue transactions recognised during the year by verification of underlying documents on a sample basis. • Testing the appropriateness of contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples. • Testing the supporting documents on a sample basis, for sales transactions recorded during the period closer to the year end to determine whether revenue was recognised in the appropriate period based on the terms of contract and as per conditions specified under Ind AS 115. • Assessing the completeness and appropriateness of disclosures relating to revenue recognition as required by the applicable Indian Accounting Standards.

Information Other than the standalone financial statements and Auditor's Report thereon

The Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including annexures thereto, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Standalone financial statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act. We are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. A statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"** a

statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in paragraph h (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

   e) On the basis of the written representations received from the directors for the year ended March 31, 2025 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) of the Act and paragraph (h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B".** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements (Refer Note 41 to the standalone financial statements)

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended:

         a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The Company has declared and paid dividend during the year in compliance with Section 123 of the Act.

vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. The audit trail feature was found to be operational throughout the year for most relevant transactions. In the case of stock adjustments recorded in ERP system, while history is available, user identification details were not recorded. In respect of payroll, which is managed by third party, the SOC report has reported that audit trail at application level was enabled from 19th December 2024 onwards. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Also, the Company has preserved the Audit Trail as required under the rule.

3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) which are required to be commented upon by us.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No.105215W/W100057

sd/-

Anand Jog
Partner
Membership No.: 108177
UDIN: 25108177BMJBPE5531
Pune, April 24, 2025

Annexure "A" To The Independent Auditor's Report

The annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of Kirloskar Pneumatic Company Limited on the Standalone Financial Statements for the year ended March 31, 2025

We report that:

(i) In respect of the Company's fixed assets (Property, plant and equipment) :

(a) (A) The Company is maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Company has a program of physical verification of property, plant and equipment wherein all items of property, plant and equipment are verified once in every 3 years period, which is reasonable with regard to the size of the Company and nature of its assets. Accordingly, such verification is carried out in current year ended March 31, 2025 in line with the fixed asset verification policy. The discrepancies noticed during such verification were not material.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee), as disclosed in Note 1 to the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (PPE) (including Right of Use assets) & intangible assets during the year. Accordingly, Clause 3(i) (d) of the Order regarding Revaluation of PPE and intangible assets is not applicable.

(e) According to the information, explanations given and represented to us by the management of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting requirements of Clause 3(i) (e) of the Order is not applicable.

(ii) (a) According to the information and explanation given to us and records examined by us, the physical verification of inventory has been conducted by the management at reasonable intervals other than stocks lying with third parties, and the coverage and procedure of such verification by the management is appropriate. Inventory lying with third parties at the year-end has been confirmed by respective parties. Discrepancies of 10% or more in the aggregate for each class of inventory were not noticed by the management on such verification.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the monthly returns/ statements filed by the Company with such banks are in agreement with the books of account of the Company.

(iii) (a) On the basis of examination of records of the Company and information and explanation given to us, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. The company has made investment in several mutual fund schemes during the year.

(b) Based on the information and explanations provided to us, In respect of the aforesaid investments the terms and conditions under which such investments were made are not prejudicial to the Company's interest.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting requirement of clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.

(d) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting under clause 3(iii)(d) of the Order is not applicable to the Company.

(e) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting under clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us:

(a) The Company has not given loans or guarantees or provided securities which are covered by the provisions of Section 185 and 186 of the Act. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable.

(b) In respect of investments made by the Company, provisions of section 186 of the Companies Act, 2013 have been complied with.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public, hence the directives issued by the Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable.

(vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective July 1, 2017, these statutory dues have been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees State Insurance, Income Tax, and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2025 for a period of more than six months from the date they became payable, other than dues of Rs. 900/- towards Profession Tax.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Sr No	Name of Statute	Nature of Dues	Authority where pending	Period to which it relates	Amount under dispute (Rs. Millions)*
1	Income Tax Act, 1961	Provision for Pension scheme	High Court, Mumbai	FY 1996-97	6.97
2	Central Excise Act, 1944	Inadmissible/Excess cenvat credit	Assistant Commissioner CGST, Pune	August 2013 to July 2016	0.01
3	Customs Act, 1962	Non-compliance of conditions for availing concessional rate of duty	Assistant Commissioner (Customs)-Mumbai	FY 1997-98	1.45
4	Customs Act, 1962	Incorrect availment of lower duty rate due to classification of goods	Joint Commissioner of Customs, (Audit), NHC, Mumbai	FY 2017-18	0.52
5	Customs Act, 1962	Incorrect availment of lower duty rate	Assistant Commissioner of Customs, Mumbai	FY 2018-19 & FY 2019-20	0.32
6	Central Sales Tax Act, 1956	Non-production of concessional tax rate forms	Joint Commissioner Appeals, Sales Tax Tribunal	FY 2013-14	0.24

* Net of amount paid under protest.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly reporting requirement of clause (viii) of paragraph 3 of the order is not applicable to the company.

(ix) Based on representation given by the management of the Company and according to the information and explanations given to us-

(a) The Company did not have any loans or borrowings from any lender during the year. Accordingly reporting under paragraph 3(ix)(a) of the order is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not obtained any new term loans during the year. Accordingly reporting under paragraph 3(ix)(c) is not applicable.

(d) On an overall examination of the standalone financial statements of the Company, we report that the Company has not used funds raised on short term basis for long term purposes.

(e) According to the information and explanations given to us and based on our audit procedures, the Company has not taken any funds from any entity or person on account of or to meet the obligations of subsidiary. Also, company does not have joint ventures and associate companies. Accordingly, reporting under paragraph 3(ix)(e) is not applicable to the Company.

(f) According to the information and explanations given to us and based on our audit procedures, the Company has not raised loans during the year on the pledge of securities held in its subsidiary. Also, company does not have joint ventures and associate companies. Accordingly, reporting under paragraph 3(ix)(f) is not applicable to the Company.

(x) In our opinion and according to the information and explanations given to us:

(a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under paragraph 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) Based upon the audit procedures performed for the purpose of reporting upon the true and fair view of the standalone financial statements, to the best of our knowledge and according to the information and explanations given to us:

(a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, a report under Section 143(12) of the Act in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting requirement of clause (xi)(b) of paragraph 3 of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

(xiv) In our opinion and according to the information and explanations given to us,

(a) The Company's internal audit system is commensurate with the size and nature of its business.

(b) Reports submitted by the internal auditor during the year have been considered during the course of our audit.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) In our opinion and according to the information and explanations given to us,

(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under paragraph 3(xvi)(a) is not applicable.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, reporting under paragraph 3(xvi)(b) is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) is not applicable.

(d) In the group (in accordance with Core Investment Companies (Reserve Bank) Directions, 2016), there are 2 companies forming part of the promoter/ promoter group of the Company which are CICs. (These are unregistered CICs as per Para 9.1 of Notification No. RBI/2020-21/24 dated 13th August 2020 of the Reserve Bank of India).

(xvii) The Company has not incurred any cash losses during the financial year ended on March 31, 2025 and the immediately preceding financial year. Accordingly, reporting under paragraph 3(xvii) of the Order is not applicable.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under paragraph 3(xviii) of the Order is not applicable.

(xix) In our opinion and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statement, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us:

a) In respect of other than ongoing projects, there is no unspent amount that would be required to be transferred to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to section 135(5) of the said Act. Accordingly reporting under paragraph 3(xx) of the Order is not applicable.

b) There are no unspent amounts with respect to ongoing projects that would be required to be transferred to a special account in compliance of provisions of Section 135(6) of the Act.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No.105215W/W100057

sd/-

Anand Jog
Partner
Membership No.: 108177
UDIN: 25108177BMJBPE5531
Pune, April 24, 2025

Annexure "B" To The Independent Auditor's Report

The annexure as referred to in paragraph 2(g) in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of Kirloskar Pneumatic Company Limited on the Standalone financial statements of even date

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of **Kirloskar Pneumatic Company Limited** ("the Company") as of March 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management and Board of Directors Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to the standalone financial statements of the Company.

Meaning of Internal Financial Controls with reference to standalone financial statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note" issued by the Institute of Chartered Accountants of India (ICAI).

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No.105215W/W100057

sd/-

Anand Jog
Partner
Membership No.: 108177
UDIN: 25108177BMJBPE5531
Pune, April 24, 2025

Balance Sheet

As at 31st March 2025
CIN : L29120PN1974PLC110307

₹ in Million

Particulars	Note No.	As at 31st March, 2025	As at 31st March, 2024
ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment (Includes ROU Asset)	1	2,867.51	2,279.99
(b) Capital work-in-progress	1A	196.71	317.58
(c) Other Intangible Assets	2	38.02	39.30
(d) Intangible Assets Under Development	2A	16.18	31.23
(e) Financial Assets			
(i) Investments	3	1,914.58	1,727.19
(ii) Trade Receivable	4	23.00	-
(iii) Loans		-	-
(iv) Other Financial Assets	5	68.11	56.76
(f) Other Non-Current Assets	7	2.60	4.80
TOTAL NON-CURRENT ASSETS		**5,126.71**	**4,456.85**
(2) CURRENT ASSETS			
(a) Inventories	9	1,992.60	2,024.90
(b) Financial Assets			
(i) Investments	3	2,685.52	1,855.11
(ii) Trade Receivables	4	4,758.80	3,746.47
(iii) Cash and Cash Equivalents	10	634.38	495.91
(iv) Bank Balance other than (iii) above	10	35.66	35.29
(v) Others	5	304.59	790.34
(c) Other Current Assets	7	535.66	348.01
(d) Assets Classified as Held for Sale	8	59.00	97.49
TOTAL CURRENT ASSETS		**11,006.21**	**9,393.52**
TOTAL ASSETS		**16,132.92**	**13,850.37**
EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share Capital	12	129.79	129.55
(b) Other Equity	13	10,831.05	9,116.80
TOTAL EQUITY		**10,960.84**	**9,246.35**
(2) LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Lease Liabilities		2.43	5.18
(iii) Other Financial Liabilities	15	0.45	0.87
(b) Provisions	16	99.68	75.58
(c) Deferred Tax Liabilities (Net)	6	179.39	180.26
(d) Other Non-Current Liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		**281.95**	**261.89**
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings (Current Maturities of Long-Term Debt)		-	-
(ii) Lease Liabilities		2.75	2.59
(iii) Trade Payables	14		
Total Outstanding due to Micro and small enterprises		304.53	472.07
Total Outstanding dues of Creditors other than Micro and small enterprises		1,779.95	1,555.31
(iv) Other Financial Liabilities	15	840.35	805.76
(b) Other Current Liabilities	17	1,818.70	1,373.14
(c) Provisions	16	102.75	77.57
(d) Current Tax Liabilities (Net)	11	41.10	55.69
TOTAL CURRENT LIABILITIES		**4,890.13**	**4,342.13**
TOTAL LIABILITIES		**5,172.08**	**4,604.02**
TOTAL EQUITY AND LIABILITIES		**16,132.92**	**13,850.37**
Notes forming part of the Financial Statements	1 - 60		

As per our attached report of even date.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No.108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Statement of Profit and Loss

For the year ended 31st March, 2025
CIN : L29120PN1974PLC110307

₹ in Million

Particulars	Note No.	2024-25	2023-24
INCOME :			
I Revenue from Operations	18	16,286.27	13,226.20
II Other Income	19	221.11	194.17
III TOTAL INCOME (I + II)		**16,507.38**	**13,420.37**
EXPENSES :			
Cost of Materials Consumed	20	8,242.97	6,676.24
Purchase of Traded Goods	21	488.68	437.28
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	22	(145.78)	5.95
Employee Benefits Expenses	23	1,769.94	1,639.38
Finance Costs	24	0.41	0.57
Depreciation and Amortization Expense	25	288.88	354.67
Other Expenses	26	3,017.26	2,443.77
IV TOTAL EXPENSES		**13,662.36**	**11,557.86**
V Profit before Exceptional Items and Tax (III - IV)		2,845.02	1,862.51
VI Exceptional Items	52	38.49	83.76
VII Profit Before Tax (V-VI)		**2,806.53**	**1,778.75**
VIII Tax Expense :	46		
Current Tax (Net of ₹ 85.00 Million in respect of earlier years Previous Year - ₹ 0.11 Million)		695.00	452.11
Deferred Tax		0.83	(6.24)
		695.83	**445.87**
IX Profit for the Year (VII-VIII)		**2,110.70**	**1,332.88**
X Other Comprehensive Income (OCI)			
a) Items that will not be reclassified to profit or loss			
i) Re-measurement of net Defined Benefit Obligation		(20.60)	15.77
ii) Equity Instruments through Other Comprehensive Income		32.39	309.60
		11.79	**325.37**
b) Income tax relating to items that will not be reclassified to profit or loss			
i) Taxes on Re-measurement of net Defined Benefit Obligation		5.19	(3.97)
ii) Taxes on Equity Instruments through Other Comprehensive Income		(3.49)	(51.33)
		1.70	**(55.30)**
Total Other Comprehensive Income		**13.49**	**270.07**
Total Comprehensive Income for the period (IX + X) (Comprising Profit and Other Comprehensive Income for the period)		**2,124.19**	**1,602.95**
Earning per Share : [nominal value per share ₹ 2/-]	44		
(1) Basic ₹		32.56	20.60
(2) Diluted ₹		32.48	20.57
Notes forming part of the Financial Statements	1- 60		

As per our attached report of even date.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No.108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Jitendra Shah
Company Secretary

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Statement of Changes in Equity

For the year ended 31st March 2025
CIN : L29120PN1974PLC110307

A : Equity Share Capital :

₹ in Million

Financial Year	Balance at the beginning of the period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in Equity Share Capital during the year (Net)	Balance at the end of the period
2024-25	129.55	-	N.A.	0.24	129.79
2023-24	129.27	-	N.A.	0.28	129.55

B : Other Equity :

(1) Current Reporting Period

₹ in Million

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings	Share Based Payment		
Balance as on 1st April 2024	166.99	6,750.00	651.00	44.36	1,504.45	9,116.80
Profit for the year	-	-	2,110.70	-	-	2,110.70
Other Comprehensive Income for the year - Fair Valuation Net of Tax	-	-	-	-	28.90	28.90
Other Comprehensive Income for the year - Actuarial Gain/(Loss) - Net of Tax	-	-	(15.42)	-	-	(15.42)
Dividend Paid	-	-	(259.24)	-	-	(259.24)
Interim Dividend	-	-	(227.07)	-	-	(227.07)
Transfer from Share Based Payment Reserve on account of Lapsed of ESOS	-	-	2.86	(2.86)	-	-
Transfer from Share Based Payment	18.78	-	-	(18.78)	-	-
For the Year	28.33	-	-	48.05	-	76.38
Transfer from retained earnings	-	1,000.00	(1,000.00)	-	-	-
Balance as on 31st March 2025	214.10	7,750.00	1,262.83	70.77	1,533.35	10,831.05

(2) Previous Reporting Period

₹ in Million

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General reserve	Retained Earnings	Share Based Payment		
Balance as on 1st April 2023	132.43	6,000.00	412.19	31.65	1,246.18	7,822.45
Profit for the year	-	-	1,332.88	-	-	1,332.88
Other Comprehensive Income for the year - Fair Valuation	-	-		-	258.27	258.27
Other Comprehensive Income for the year - Actuarial Gain/(Loss) - Net of Tax	-	-	11.80	-	-	11.80
Dividend Paid	-	-	(193.96)	-	-	(193.96)
Interim Dividend			(161.91)	-		(161.91)
Transfer from Share Based Payment	13.52	-	-	(13.52)	-	-
For the Year	21.04			26.23		47.27
Transfer from retained earnings	-	750.00	(750.00)	-		-
Balance as on 31st March 2024	166.99	6,750.00	651.00	44.36	1,504.45	9,116.80

As per our attached report of even date.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No.108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Cash Flow Statement

For the year ended 31st March, 2025
CIN : L29120PN1974PLC110307

₹ in Million

Particulars	2024-2025	2023-2024
A) Cash Flow From Operating Activities		
Profit Before Tax	**2,806.53**	**1,778.75**
Adjustments for :		
Depreciation and amortisation expense	288.88	354.67
Exceptional items	38.49	83.76
Interest income	(35.76)	(34.51)
Unwinding of Interest on Security Deposits	(0.95)	(0.91)
Share Based Payment	48.05	26.23
Dividend income	(24.45)	(22.54)
Foreign Exchange Gain, Net	(4.23)	(18.64)
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit or Loss	(146.52)	(107.47)
Loss/(gain) on Sale of Investments	(9.40)	-
Loss/(gain) on disposal of property, plant and equipment	2.34	(14.94)
Finance costs	0.41	0.57
Bad Debts	60.95	3.65
Operating profit before working capital adjustments	**3,024.34**	**2,048.62**
Working capital adjustments		
(Increase)/decrease in trade receivables	(1,096.27)	(458.47)
(Increase)/decrease in inventories	32.30	(257.00)
(Increase)/decrease in other financial assets	432.33	(247.23)
(Increase)/decrease in other Current / Non Current assets	(149.98)	(39.16)
Increase/(decrease) in trade payables	57.10	457.61
Increase/(decrease) in financial liabilities	28.27	100.65
Increase/(decrease) in other Current / Non Current liabilities	445.55	595.05
Increase/(decrease) in provisions	28.67	30.39
Cash generated from operations	**2,802.31**	**2,230.46**
Income taxes paid	(653.90)	(396.32)
Net cash inflow from operating activities	**2,148.41**	**1,834.14**
B) Cash flow from investing activities		
Payments for property, plant and equipment, intangible assets	(779.22)	(715.74)
Proceeds from sale of property, plant and equipment, intangible assets	2.19	17.75
Sale / Redemption of Investments	115.47	1.25
Purchase of Investments	(944.95)	(710.00)
Interest income	26.95	20.07
Dividend income	24.45	22.54
Net cash outflow from investing activities	**(1,555.11)**	**(1,364.13)**
C) Cash flow from financing activities		
Proceeds from issuance of share capital (includes securities premium)	28.58	21.32
Finance costs	5.55	5.33
Lease Payments	(3.00)	(3.00)
Dividends paid	(485.96)	(356.37)
Net cash outflow from financing activities	**(454.83)**	**(332.72)**
Net increase/(decrease) in cash and cash equivalents	**138.47**	**137.29**
Cash and cash equivalents at beginning of the financial year	**495.91**	**358.62**
Effect of exchange rate changes on cash and cash equivalents	**(2.20)**	**0.21**
Cash and cash equivalents at end of the financial year (before exchange changes)	**636.58**	**495.70**
(Refer Note No. 10)		

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows

As per our attached report of even date.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No.108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 1 : Property, Plant and Equipment :

₹ in Million

Particulars	PROPERTY, PLANT AND EQUIPMENT								Right of Use Asset	Total	Capital Work In Progress
	Free Hold Land	Buildings	Plant & Machinery	Electrical Installlation	Office Equipments	Furniture & Fixture	Vehicle	Assets Under Operating Lease Compression Facility			
Gross Carrying Amount As at 01/04/2023	**605.07**	**588.65**	**1,280.04**	**91.52**	**29.12**	**32.29**	**696.68**	**463.09**	**26.97**	**3,813.43**	**213.80**
Additions	14.62	130.48	328.91	70.69	7.19	16.13	15.84	-	-	583.86	687.64
Deductions and adjustments	0.02	-	5.82	-	0.09	2.82	10.61	-	-	19.36	583.86
Assets held for sale	-	-	-	-	-	-	623.24	-	-	623.24	-
Gross Carrying Amount As at 31/03/2024	**619.67**	**719.13**	**1,603.13**	**162.21**	**36.22**	**45.60**	**78.67**	**463.09**	**26.97**	**3,754.69**	**317.58**
Accumulated Depreciation As at 01/04/2023	-	116.56	639.68	36.46	19.69	13.66	428.10	366.08	13.44	1,633.67	-
Depreciation for the year	-	17.23	138.52	9.45	3.55	3.43	82.40	64.67	3.53	322.78	-
Deductions and Adjustments	-	-	4.60	-	0.09	2.32	9.54	-	-	16.55	-
Assets held for sale	-	-	-	-	-	-	465.20	-	-	465.20	-
Accumulated Depreciation up to 31/03/2024	**-**	**133.79**	**773.60**	**45.91**	**23.15**	**14.77**	**35.76**	**430.75**	**16.97**	**1,474.70**	**-**
Net Carrying Amount as at 31/03/2024	**619.67**	**585.34**	**829.53**	**116.30**	**13.07**	**30.83**	**42.91**	**32.34**	**10.00**	**2,279.99**	**317.58**
Gross Carrying Amount As at 01/04/2024	619.67	719.13	1,603.13	162.21	36.22	45.60	78.67	463.09	26.97	3,754.69	317.58
Additions	24.82	545.46	204.09	16.23	18.35	26.06	22.54	-	-	857.55	736.68
Deductions and adjustments	-	9.12	48.03	4.10	13.77	18.65	6.99	-	-	100.66	857.55
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Gross Carrying Amount As at 31/03/2025	**644.49**	**1,255.47**	**1,759.19**	**174.34**	**40.80**	**53.01**	**94.22**	**463.09**	**26.97**	**4,511.58**	**196.71**
Accumulated Depreciation As at 01/04/2024	**-**	**133.79**	**773.60**	**45.91**	**23.15**	**14.77**	**35.76**	**430.75**	**16.97**	**1,474.70**	
Depreciation for the year	-	24.26	165.42	15.09	5.19	5.28	14.38	32.33	3.53	265.48	-
Deductions and Adjustments	-	9.11	46.26	4.06	13.39	17.24	6.07	-	-	96.13	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation up to 31/03/2025	**-**	**148.94**	**892.76**	**56.94**	**14.95**	**2.81**	**44.07**	**463.08**	**20.50**	**1,644.05**	**-**
Net Carrying Amount As at 31/03/2025	**644.49**	**1,106.53**	**866.43**	**117.40**	**25.85**	**50.20**	**50.15**	**0.01**	**6.47**	**2,867.53**	**196.71**
Net Carrying Amount As at 31/03/2024	**619.67**	**585.34**	**829.53**	**116.30**	**13.07**	**30.83**	**42.91**	**32.34**	**10.00**	**2,279.99**	**317.58**

Title deeds of Immovable Properties are held in name of the Company. For charge on Property, Plant and Equipment - see Note 54.

The Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 and no proceeding has been initiated or is pending against the company for holding any benami property.

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 1A : Capital-Work-in Progress (CWIP) :

i) CWIP aging schedule :

₹ in Million

CWIP	AS AT 31st MARCH 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	196.71	-	-	-	196.71
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-
Projects exceeded cost and time estimate	N.A.	N.A.	N.A.	N.A.	-

₹ in Million

CWIP	AS AT 31st MARCH 2024				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	233.96	83.62	-	-	317.58
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-
Projects exceeded cost and time estimate	N.A.	N.A.	N.A.	N.A.	-

NOTE 2 : Other Intangible Assets :

₹ in Million

Particulars	OTHER INTANGIBLE ASSETS			
	Softwares	Technical Know How	Total	Intangible Assets Under Development
Gross Carrying Amount As at 01/04/2023	**33.87**	**183.78**	**217.65**	**23.78**
Additions	16.90	-	16.90	24.35
Deductions and adjustments	-	-	-	16.90
Gross Carrying Amount As at 31/03/2024	**50.77**	**183.78**	**234.55**	**31.23**
Accumulated Amortisation As at 01/04/2023	**31.05**	**132.31**	**163.36**	**-**
Amortisation for the year	14.45	17.44	31.89	-
Deductions and Adjustments	-	-	-	-
Accumulated Amortisation up to 31/03/2024	**45.50**	**149.75**	**195.25**	**-**
Net Carrying Amount as at 31/03/2024	**5.27**	**34.03**	**39.30**	**31.23**
Gross Carrying Amount As at 01/04/2024	50.77	183.78	234.55	31.23
Additions	9.07	13.05	22.12	7.07
Deductions and adjustments	-	-	-	22.12
Gross Carrying Amount As at 31/03/2025	**59.84**	**196.83**	**256.67**	**16.18**
Accumulated Amortisation As at 01/04/2024	45.50	149.75	195.25	-
Amortisation for the year	10.43	12.97	23.40	-
Deductions and Adjustments	-	-	-	-
Accumulated Amortisation up to 31/03/2025	**55.93**	**162.72**	**218.65**	**-**
Net Carrying Amount As at 31/03/2025	**3.91**	**34.11**	**38.02**	**16.18**
Net Carrying Amount As at 31/03/2024	**5.27**	**34.03**	**39.30**	**31.23**

The remaining amortisation period for Technical Know How of Compressor Technology is 23 months.

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 2A : Intangible assets under development :

i) Intangible assets under development aging schedule :

₹ in Million

Intangible assets under development	AS AT 31st MARCH 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8.07	8.11	-	-	16.18
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

Expected capitalisation of ₹ 16.18 Million in next one year.

₹ in Million

Intangible assets under development	AS AT 31st MARCH 2024				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	7.45	14.27	1.79	7.72	**31.23**
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

Expected capitalisation of ₹ 25.14 Million in next one year.

NOTE 3 : Investments (Non Current) :

Particulars	Face Value ₹	As at 31st March, 2025		As at 31st March, 2024	
		Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
At Fair Value through Profit or Loss (FVTPL)					
In Debentures and Bonds :					
Quoted :					
12.5% Secured Redeemable Partly Convertible Debentures of ₹100/- each of The Mysore Kirloskar Ltd. Balance non-convertible portion of ₹44/- per Debenture - matured on 01.06.1998 awaiting realisation	100	25,000	0.00 *	25,000	0.00 *
Total Fair Value through Profit or Loss (FVTPL)			0.00		**0.00**
At Fair Value through Other Comprehensive Income (FVTOCI)					
Equity Shares :					
Unquoted :					
Fully Paid Shares					
Kirloskar Proprietory Ltd.	100	1	0.08	1	0.08
S L Kirloskar CSR Foundation	10	9,800	0.10	9,800	0.10
Kirloskar Management Services Pvt. Ltd.	10	4,87,500	9.26	4,87,500	11.21
Singapore $ 1 each in Kirsons Trading Pte. Ltd. - a Foreign Body Corporate.	-	56,250	1.12	56,250	1.12
The Nasik Merchants' Co-operative Bank Ltd.	100	1	0.00*	1	0.00*
Systems & Components India Pvt Ltd. (Subsidiary Company)	10	8,28,877	155.00	-	-
Kirloskar Chillers Pvt.Ltd.	10	2,25,000	579.37	2,25,000	441.67
Total			744.93		**454.18**
* Value less than ₹Ten Thousand					
Carried over			744.93		454.18

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 3 : Investments (Non Current) : (Contd..)

Particulars	Face Value ₹	As at 31st March, 2025		As at 31st March, 2024	
		Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
Brought Over			744.93		454.18
Quoted :					
The Mysore Kirloskar Ltd.	10	1,00,000	0.00*	1,00,000	0.00 *
Kirloskar Industries Ltd.	10	200	0.62	200	0.82
Kirloskar Investment and Finance Ltd.	10	3,75,000	0.00 *	3,75,000	0.00*
ICICI Bank Limited	2	55,324	74.60	55,324	60.48
Kirloskar Ferrous Industries Ltd.	5	20,00,000	940.30	20,00,000	1,089.30
HDFC Bank Ltd.	1	83,943	153.46	83,943	121.54
Punjab National Bank	2	7,000	0.67	7,000	0.87
			1,169.65		1,273.01
Total Fair Value through Other Comprehensive Income (FVTOCI)			1,914.58		1,727.19
* Value less than ₹Ten Thousand					
Aggregate Cost of acquisition of Quoted Investments			27.78		27.78
Aggregate Market Value of Quoted Investments			1,169.65		1,273.01
Aggregate Cost of acquisition of Un-Quoted Investments			163.34		8.34
Aggregate Fair Value of Un-Quoted Investments			744.93		454.18
Aggregate Amount of Impairment in the Value of Investments			7.40		7.40

NOTE 3 : Investments (Current) :

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
At Fair Value through Profit or Loss (FVTPL)				
Quoted :				
HDFC Liquid Fund Direct Plan Growth	65,546.018	333.86	65,546.018	310.93
SBI Liquid Fund Direct Plan Growth	85,422.421	346.47	57,641.720	217.84
ICICI Prudential Liquid Fund Direct Plan Growth	6,53,322.155	250.81	6,53,322.155	233.50
Kotak Liquid Fund Direct Plan Growth	65,192.626	341.57	43,681.146	213.12
UTI Liquid Cash Plan Direct Plan Growth	27,481.456	116.83	27,481.456	108.77
ICICI Prudential Money Market Fund Direct Plan Growth	6,19,558.073	233.37	6,19,558.073	216.37
Nippon India Liquid Fund Direct Plan Growth	17,966.994	114.03	17,966.994	106.17
Invesco India Liquid Fund Direct Plan Growth	16,010.078	56.99	16,010.078	53.07
HSBC Liquid Fund Direct Growth	47,844.040	123.64	44,088.229	106.07
Axis Liquid Fund Direct Growth	47,189.052	136.07	47,189.052	126.64
DSP Liquidity Fund Direct Plan Growth	47,121.479	174.74	47,121.479	162.63
Aditya Birla Sunlife Liquid Fund Growth Direct Plan	4,94,402.834	207.02	-	-
Nippon India Money Market Fund Direct Growth Plan Growth	36,408.329	150.07	-	-
Mirae Assets Money Market Fund Direct Plan Growth	79,873.206	100.05	-	-
Total		2,685.52		1,855.11
Aggregate Cost of acquisition of Quoted Investments		2,389.89		1,699.92
Aggregate Market Value of Quoted Investments		2,685.52		1,855.11
Aggregate Cost of acquisition of Un-Quoted Investments		-		-
Aggregate Amount of Impairment in the Value of Investments		-		-

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 4 : Trade Receivables :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Unsecured Considered Good (Refer Note 34 (2a))	4,781.80	3,746.47
Total	**4,781.80**	**3,746.47**
Non Current	23.00	-
Current	4,758.80	3,746.47
There is no significant increase in credit risk identified in Current and Non-Current Receivables		
Debts due from Private Companies in which Director is a Director or a Member	0.74	0.14
For charge on Trade Receivables - see Note 54		
For Related party receivables, refer Note No. 31(b)		

NOTE 5 : Other Financial Assets :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Unsecured Considered Good		
Security Deposits (Non Current)	68.11	56.76
Security Deposits (Current)	5.38	5.16
Fixed Deposits with Banks (Current)	180.00	400.00
(Original maturity is more than 12 months)		
Contract Assets (Current)	110.40	369.73
Other Assets	8.81	15.45
Total	**372.70**	**847.10**
Non Current	68.11	56.76
Current	304.59	790.34
Non Current Includes amount due from Related party	18.13	17.18

NOTE 6 : Deferred Tax Assets / (Liability) :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Deferred Tax Assets	79.72	55.18
Deferred Tax Liabilities	259.11	235.44
(Refer Note no. 46)		
Total	**(179.39)**	**(180.26)**

NOTE 7 : Other Assets :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Unsecured Considered Good		
Advances to Supplier of Capital Goods (Current)	35.47	-
Other Assets (Non Current)	2.60	4.80
Prepaid Expenses (Current)	49.55	33.63
GST Balances (Current)	60.40	66.46
Other Assets (Current)	390.24	247.92
Total	**538.26**	**352.81**
Non Current	2.60	4.80
Current	535.66	348.01
Other Non Current Assets includes amount due from Related party	-	-
Other Current Assets includes amount due from Related party	-	-

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 8 : Assets Classified as Held for Sale :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Assets held for Sale	59.00	97.49
Total	**59.00**	**97.49**
(Refer Note no. 51)		

NOTE 9 : Inventories :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Raw Materials	1,359.36	1,545.47
[Includes ₹ Nil (Previous year ₹ Nil) in transit]		
Work-in-progress	319.47	221.79
Finished Goods, at cost or net realisable value whichever is lower	216.53	179.15
Traded Goods	77.09	66.37
Stores & Spares	20.15	12.12
Total	**1,992.60**	**2,024.90**
For charge on Inventories - see Note 54		

Provision for write down of inventories amounting to ₹ 29.18 Million (Previous Year ₹ 41.34 Million) were recognised as an expense during the year.

NOTE 10 : Cash and Cash Equivalents :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
a) CASH AND CASH EQUIVALENTS :		
Cash on hand	0.03	0.05
Balances with Banks :		
In Current Accounts	634.35	495.86
	634.38	**495.91**
b) OTHER BANK BALANCES :		
Earmarked Balances with Banks		
For Unclaimed Dividend	33.38	32.99
For Fractional Entitlement	2.28	2.30
	35.66	**35.29**

NOTE 11 : Current Tax Asset / (Liability) - Net :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Advance Tax Paid	568.90	396.31
Less : Provision for Tax	610.00	452.00
Total	**(41.10)**	**(55.69)**

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 12 : Equity Share Capital :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
AUTHORISED :		
Opening Balance :		
187.50 Million Equity Shares of ₹ 2/- each	375.00	375.00
Changes during the Year	-	-
Closing Balance :	**375.00**	**375.00**
ISSUED AND SUBSCRIBED :		
Opening Balance :		
64.773 Million (Previous year 64.634 Million) Equity Shares of ₹ 2/- each	129.55	129.27
Issued during the year		
0.124 Million (Previous year 0.138 Million) Equity Shares of ₹ 2/- each	0.24	0.28
Closing Balance :		
64.897 Million Equity Shares of ₹ 2/- each	**129.79**	**129.55**
PAID UP :		
Opening Balance :		
64.773 Million (Previous year 64.634 Million) Equity Shares of ₹ 2/- each	129.55	129.27
Addition during the year		
0.124 Million (Previous year 0.138 Million) Equity Shares of ₹ 2/- each	0.24	0.28
Closing Balance :		
64.897 Million Equity Shares of ₹ 2/- each	**129.79**	**129.55**

The Company has not applied for any scheme of arrangement during the year nor any such scheme is pending for approval with the competent Authority in terms of sections 230 to 237 of the companies Act, 2013.

Number of Equity Shares reserved for issue under employee stock option plan : 314,800 (Previous year 367,100).

Rights attached to Equity Shares :

The Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

₹ in Million

Shareholder holding more than 5%	As at 31st March, 2025 Nos. Face Value of ₹ 2/-	As at 31st March, 2024 Nos. Face Value of ₹ 2/-
a) Mr. Rahul C. Kirloskar	7.49	7.49
	11.551%	11.573%
b) Mr. Atul C. Kirloskar	6.11	6.11
	9.411%	9.429%
c) Kirloskar Industries Ltd.	6.42	6.42
	9.897%	9.916%
d) Nippon Life India Trustee Limited	4.10	4.15
	6.321%	6.411%
e) Tata Mutual Fund	4.38	3.55
	6.757%	5.488%

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 12 : Equity Share Capital : (Contd.)

Shareholding of Promoter & Promoter group :

Sr. No	Promoter Name	Shares held by promoters at the end of the year		Shares held by promoters at the beginning of the year		% Change during the year (with respect to number of shares at the beginning of the year)	% Change during the year (with respect to number of shares at the end of the year) *
		No of Shares	% of total shares	No of Shares	% of total shares		
1	Rahul Chandrakant Kirloskar	74,96,150	11.551	74,96,150	11.573	(0.000)	(0.022)
2	Atul Chandrakant Kirloskar	61,07,523	9.411	61,07,523	9.429	0.000	(0.018)
3	Sanjay Chandrakant Kirloskar	3,155	0.005	3,155	0.005	(0.000)	(0.000)
4	Aditi Atul Kirloskar	20,68,765	3.188	20,68,765	3.194	(0.000)	(0.006)
5	Alpana Rahul Kirloskar	19,84,555	3.058	19,84,555	3.064	(0.000)	(0.006)
6	Gauri Atul Kirloskar	6,89,753	1.063	6,89,753	1.065	(0.000)	(0.002)
7	Arti Atul Kirloskar	3,31,134	0.510	3,31,134	0.511	0.000	(0.001)
8	Alika Rahul Kirloskar	60,760	0.094	60,760	0.094	(0.000)	(0.000)
9	Aman Rahul Kirloskar	200	0.000	-	-	0.000	0.000
10	Roopa Gupta	6,080	0.009	6,080	0.009	0.000	0.000
11	Suman Chandrakant Kirloskar	4,035	0.006	4,035	0.006	0.000	0.000
12	Alok Kirloskar	2,725	0.004	2,725	0.004	0.000	0.000
13	Pratima Sanjay Kirloskar	660	0.001	660	0.001	0.000	0.000
14	Rama Sanjay Kirloskar	625	0.001	625	0.001	(0.000)	(0.000)
15	Kirloskar Industries Ltd	64,22,990	9.897	64,22,990	9.916	0.000	(0.019)
16	Alpak Investments Private Ltd	16,508	0.025	16,508	0.025	0.000	0.000
17	Navsai Investments Private Ltd	16,507	0.025	16,507	0.025	0.000	0.000
18	Kirloskar Systems Private Ltd	2,010	0.003	-	-	0.003	0.003
Total		**2,52,14,135**	**38.851**	**2,52,11,925**	**38.922**	**0.005**	**(0.070)**

*The Company has allotted 124,300 equity shares of ₹ 2 each fully paid to its eligible employees under the ESOS schemes.

As a result % share holding of the Promoter and Promoter group has undergone a change with respect to number of shares at the beginning and end of the year.

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 13 : Other Equity :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Securities Premium (Share Premium) Account:		
As per last Account	166.99	132.43
Add : During the year	28.33	21.04
Add : Transferred from Share Based Payment Reserve	18.78	13.52
Closing Balance	**214.10**	**166.99**
General Reserve :		
Opening Balance / As per last Account	6,750.00	6,000.00
Add: Set aside this year	1,000.00	750.00
Closing Balance	**7,750.00**	**6,750.00**
Share Based Payment Reserve :		
Opening Balance / As per last Account	44.36	31.65
Add : During the year	48.05	26.23
Less : Transferred to Share Premium	18.78	13.52
Less : Transfer to Retained Earnings on account of Lapsed ESOS	2.86	-
Closing Balance	**70.77**	**44.36**
Retained Earnings :		
Opening Balance / As per last Account	651.00	412.19
Add : Transferred from Statement of Profit and Loss	2,110.70	1,332.88
Add : Transferred from Other Comprehensive Income - Net of Tax	(15.42)	11.80
Add : Transfer from Share Based Payment Reserve on account of Lapsed ESOS	2.86	-
	2,749.14	**1,756.87**
Less :		
Transfer to General Reserve	1,000.00	750.00
Dividend Paid	259.24	193.96
Interim Dividend	227.07	161.91
	1,486.31	**1,105.87**
Closing Balance	**1,262.83**	**651.00**
Equity Instruments Through Other Comprehensive Income		
Opening Balance / As per last Account	1,504.45	1,246.18
Add / (Less) FVTOCI Equity Investments - Change in Fair Value	28.90	258.27
Closing Balance	**1,533.35**	**1,504.45**
Total	**10,831.05**	**9,116.80**

1. Securities Premium is a premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

2. General Reserve is created by setting aside amount from the Retained Earnings and is freely available for distribution.

3. FVTOCI Equity Investments - The Company has elected to recognise changes in the fair value of certain investments in equity in Other Comprehensive Income. These changes are accumulated in Equity Instruments Through Other Comprehensive Income Reserve within equity. The Company transfers amounts from this reserve to Retained Earnings when the relevant equity investments are derecognised.

4. Share Based Payment Reserve is a result of recogination of cost included in Employee Related Expenses relating to Employee Stock Option Scheme 2019 introduced by the Company. Refer Note No. 28.

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 14 : Trade Payables :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Total Outstanding due to Micro and small enterprises	304.53	472.07
Total Outstanding dues of Creditors other than Micro and small enterprises	1,779.95	1,555.31
(Refer Note 34 (2d)		
Total	**2,084.48**	**2,027.38**
There are no disputed dues payable to creditors.		

NOTE 15 : Other Financial Liabilities :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Deposit Received (Non Current)	0.45	0.87
Unpaid Dividends (Current)	33.38	32.99
Fractional Entitlement (Current)	2.28	2.30
Interest Accrued (Current)	26.99	21.02
Employee Related Liabilities (Current)	159.99	138.24
Other Trade Liabilities (Current)	306.75	281.48
Other Liabilities (Current)	310.96	329.73
Total	**840.80**	**806.63**
Non Current	0.45	0.87
Current	840.35	805.76

NOTE 16 : Provisions :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Provision for Employee Benefits		
Provision for Leave Encashment (Non Current)	99.68	75.58
Provision for Leave Encashment (Current)	40.93	39.61
Provision for Gratuity (Current)	12.71	-
Other Provisions		
Provision for Warranty (Current)	49.11	37.96
Total	**202.43**	**153.15**
Non Current	99.68	75.58
Current	102.75	77.57
During the year the company made a provision for warranty of ₹ 11.15 Million (Previous year ₹ 2.44 Million), Net off utilisation of ₹ 63.36 Million (Previous year ₹ 69.91 Million).		

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 17 : Other Liabilities :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Advance from Customer (Current)	1,528.69	1,230.97
Other Liabilities (Current)	290.01	142.17
Total	**1,818.70**	**1,373.14**
Non Current	-	-
Current	1,818.70	1,373.14
Movement in advance from customer		
Opening Balance	1,230.97	626.73
Received during the year	4,407.58	2,865.66
Adjusted against receivables during the year	4,109.86	2,261.42
Closing Balance	1,528.69	1,230.97
During the year the company has recongnized revenue of ₹ 1,072.43 Million from opening advance (Previous Year ₹ 531.36 Million)		

NOTE 18 : Revenue from Operations :

₹ in Million

Particulars	2024-25	2023-24
Revenue from Contracts with Customers		
Sale of Products	13,914.04	10,022.17
Sale of Services	2,041.90	2,876.31
Lease Income	208.70	216.75
	16,164.64	**13,115.23**
Other Operating Revenue		
Insurance Claim Received	0.87	1.89
Miscellaneous Receipts	69.22	68.04
Foreign Exchange Gain, Net	4.23	18.64
Bad Debts / Liquidated Damages Recovered	47.31	22.40
	121.63	**110.97**
Total	**16,286.27**	**13,226.20**

NOTE 19 : Other Income :

₹ in Million

Particulars	2024-25	2023-24
Dividend Income from Equity Investments designated at Fair Value through Other Comprehensive Income	24.45	22.54
Interest Received	35.76	34.51
Unwinding of Interest on Security Deposits	0.95	0.91
Miscellaneous Receipts	3.07	12.83
Surplus on Sale of Assets	0.96	15.91
Net Gain on Financial Instruments Mandatorily Measured at Fair Value through Profit and Loss	146.52	107.47
Gain on Sale of Investments	9.40	-
Total	**221.11**	**194.17**

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 20 : Cost of Materials Consumed :

₹ in Million

Particulars	2024-25	2023-24
Raw Materials (including components) consumed :		
Stocks at commencement	1,545.47	1,283.19
Add : Purchases	8,056.86	6,938.52
	9,602.33	**8,221.71**
Less : Stocks at close	1,359.36	1,545.47
Total	**8,242.97**	**6,676.24**

NOTE 21 : Purchase of Traded Goods :

₹ in Million

Particulars	2024-25	2023-24
Purchase of Traded Goods	488.68	437.28
Total	**488.68**	**437.28**

NOTE 22 : Changes in Inventories :

₹ in Million

Particulars	2024-25	2023-24
(Increase) / Decrease in Stocks :		
Closing Inventories		
Finished Goods	216.53	179.15
Work-in-Progress	319.47	221.79
Traded Goods	77.09	66.37
	613.09	**467.31**
Opening Inventories		
Finished Goods	179.15	152.95
Work-in-Progress	221.79	240.80
Traded Goods	66.37	79.51
	467.31	**473.26**
Total	**(145.78)**	**5.95**

NOTE 23 : Employee Benefits Expenses :

₹ in Million

Particulars	2024-25	2023-24
Salaries, Wages, Bonus, etc.	1,436.22	1,344.39
Incentive	57.55	45.06
Share Based Payment	48.05	26.23
Contribution to Provident and Other Funds, etc.	108.10	109.11
Welfare Expenses	120.02	114.59
Total	**1,769.94**	**1,639.38**

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 24 : Finance Costs :

₹ in Million

Particulars	2024-25	2023-24
Interest :		
On Lease	0.41	0.57
Total	**0.41**	**0.57**

NOTE 25 : Depreciation and Amortisation Expense :

₹ in Million

Particulars	2024-25	2023-24
Depreciation on tangible assets	265.48	322.78
Amortisation of intangible assets	23.40	31.89
Total	**288.88**	**354.67**

NOTE 26 : Other Expenses :

₹ in Million

Particulars	2024-25	2023-24
Stores and Spares Consumed	179.11	181.53
Manufacturing Expenses (includes Cost of Services)	1,511.93	1,168.78
Power, Fuel and Water	210.68	167.42
Building Repairs	35.95	34.24
Machinery Repairs	71.29	55.27
Sundry Repairs	27.92	26.06
Rent	16.09	14.91
Rates and Taxes	11.72	17.86
Insurance	12.90	23.71
Commission on Sales	36.53	26.81
Royalty	67.72	48.54
Travelling Expenses	129.62	116.98
Postage, Telephones, Telex Expenses	22.29	20.65
Bank Charges	19.45	21.56
Freight Outward, Net	150.21	140.52
Vehicle Expenses	24.40	23.11
Printing and Stationery	9.13	7.02
Legal and Professional Charges	85.17	87.02
Advertisement and Publicity Expenses	26.45	20.63
Auditor's Remuneration	3.67	3.60
Director's Fees and Travelling Expenses	21.30	17.63
Software Expenses	103.12	65.58
Loss on Assets Sold	3.30	0.97
Bad Debts	60.95	3.65
CSR Expenditure	28.01	21.26
Miscellaneous Expenses	148.35	128.46
Total	**3,017.26**	**2,443.77**

Notes to Financial Statements

For the year ended 31st March 2025

Note 27: Employee Benefits :

i Defined Contribution Plans :

Amount of ₹ 78.93 Million (Previous Year ₹ 71.37 Million) is recognised as an expense and included in "Employees benefits expense" in Note 23 in the statement of Profit and Loss.

ii Defined Benefit Plans - Gratuity :

The Company operates gratuity plan wherein every employee is entitled to the benefit as per the scheme of the Company, for each completed year of service. The gratuity is payable on termination of service or retirement, whichever is earlier at the rate of 15 days salary for every completed year of service where service is less than 15 years and at one month salary for every completed year of service when the service of an employee exceeds 15 years subject to maximum of 25 to 28 months salary depending upon category of the employee ensuring in any case that the benefit provided is not less than stipulated by The Payment of Gratuity Act, 1972. The benefit vests only after five years of continuous service.

a) The amounts recognised in balance sheet are as follows:

₹ in Million

Particulars	31st March, 2025 Gratuity Plan (Funded)	31st March, 2024 Gratuity Plan (Funded)
A. Amount to be recognised in balance sheet		
Present value of defined benefit obligation	379.96	334.22
Less: Fair value of plan assets	367.25	361.31
Amount to be recognised as liability or (asset)	**12.71**	**(27.09)**
B. Amounts reflected in the balance sheet		
Liabilities	-	-
Assets	(12.71)	27.09
Net liability/(assets)	**12.71**	**(27.09)**

b) The amounts recognised in the statement of profit and loss are as follows:

₹ in Million

Particulars	31st March, 2025 Gratuity Plan (Funded)	31st March, 2024 Gratuity Plan (Funded)
Employee benefit expenses		
Current service cost	31.49	39.76
Past service cost	-	-
Finance cost		
Net interest (income)/expenses	(2.32)	(2.02)
Net periodic benefit cost recognised in the statement of profit and loss	**29.17**	**37.74**

c) The amounts recognised in the statement of other comprehensive income (OCI) :

₹ in Million

Particulars	31st March, 2025 Gratuity Plan (Funded)	31st March, 2024 Gratuity Plan (Funded)
1 Opening amount recognised in OCI outside profit and loss account	19.59	35.35
2 Remeasurements for the year - obligation (gain)/loss	22.35	(15.00)
3 Remeasurements for the year - plan assets (gain) / loss	(1.75)	(0.76)
4 Total remeasurements cost / (credit) for the year recognised in OCI	**20.60**	**(15.76)**
5 Less: Accumulated balances transferred to retained earnings	20.60	(15.76)
Closing balances (remeasurements (gain)/loss recognised OCI)	**40.19**	**19.59**

Notes to Financial Statements

For the year ended 31st March 2025

Note 27: Employee Benefits (Contd..)

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

₹ in Million

	Particulars	31st March, 2025 Gratuity Plan (Funded)	31st March, 2024 Gratuity Plan (Funded)
1	Present value of obligation as at the beginning of the period	334.22	316.75
2	Acquisition adjustment	-	-
3	Transfer in/ (out)	-	-
4	Interest expenses	22.94	22.34
5	Past service cost	-	-
6	Current service cost	31.49	39.76
7	Curtailment cost / (credit)	-	-
8	Settlement cost/ (credit)	-	-
9	Benefits paid	(31.04)	(29.63)
10	Remeasurements on obligation - (gain) / loss	22.35	(15.00)
	Present value of obligation as at the end of the period	**379.96**	**334.22**

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances there of are as follows:

₹ in Million

	Particulars	31st March, 2025 Gratuity Plan (Funded)	31st March, 2024 Gratuity Plan (Funded)
1	Fair value of the plan assets as at beginning of the period	361.31	321.86
2	Acquisition adjustment	-	-
3	Transfer in/(out)	-	-
4	Interest income	25.26	24.36
5	Contributions	10.33	44.32
6	Mortality Charges and Taxes	(0.36)	(0.46)
7	Benefits paid	(31.04)	(29.63)
8	Amount paid on settlement	-	0.10
9	Return on plan assets, excluding amount recognized in Interest Income - gain / (loss)	1.75	0.76
10	**Fair value of plan assets as at the end of the period**	**367.25**	**361.31**
11	Actual return on plan assets	27.01	25.12

100% of total plan assets are managed by the insurer - Life Insurance Corporation of India.

f) Net interest (income) /expenses:

₹ in Million

	Particulars	31st March, 2025 Gratuity Plan (Funded)	31st March, 2024 Gratuity Plan (Funded)
1	Interest (income) / expense – obligation	22.94	22.34
2	Interest (income) / expense – plan assets	(25.26)	(24.36)
3	**Net interest (income) / expense for the year**	**(2.32)**	**(2.02)**

Basis used to determine the overall expected return:

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. As such expected return of 7.20% has been used for the valuation purpose.

Notes to Financial Statements

For the year ended 31st March 2025

Note 27: Employee Benefits (Contd..)

g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Gratuity:	31st March, 2025	31st March, 2024
Discount rate	6.70%	7.20%
Expected return on plan assets	7.20%	7.40%
Salary growth rate*	9.50%	9.00%
Attrition rate	9.00%	12.00%
Expected average remaining working lives	8.54	6.91
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult

*The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.

h) General descriptions of defined benefit plans

i) The Company expects to fund approximately ₹ 15 Million towards its gratuity plan in the year 2025-26.

j) Sensitivity analysis:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

₹ in Million

Change in assumptions	31st March, 2025	31st March, 2024
	PVO of Gratuity	
1 Discount rate		
Increase by 1%	358.80	319.18
Decrease by 1%	403.20	350.42
2 Salary increase rate		
Increase by 1%	398.87	346.97
Decrease by 1%	362.29	322.07
3 Withdrawal rate		
Increase by 1%	375.76	331.98
Decrease by 1%	384.30	336.37

k) Expected Future Benefit Payments:

₹ in Million

	31st March, 2025	31st March, 2024
	PVO of Gratuity	
Within the next 12 months	62.97	70.96
Between 2 & 5 years	158.89	160.04
Above 5 years	237.46	167.37

l) Average Duration:

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 15.77 years (PY 12.51 years).

m) Risk Exposure And Asset Liability Matching:

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

Notes to Financial Statements

For the year ended 31st March 2025

Note 27: Employee Benefits (Contd..)

1) **Liability Risk**

a) Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation And Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) **Asset Risk**

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.

LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets.

The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and inflation risk are taken care of.

iii Defined Benefit Plan - Compensated Absences:

The company has valued the compensated absences, as specified in Ind AS 19 on actuarial basis. Under the scheme an employee is entitled to maximum of 30 days leave in a year depending upon number of days he works during that year. An employee can accumulate not exceeding 10 days of leave in a year subject to a maximum of 120 days during his tenure. The benefit is payable on termination of service, retirement or death whichever is earlier. The benefit equates to the salary in respect of balance of leave. There is no requirement for funding this liability and as such entire liability continues to remain unfunded.

a) The amounts recognised in balance sheet are as follows:

₹ in Million

Particulars	31st March, 2025	31st March, 2024
A. Amount to be recognised in balance sheet		
Present value of defined benefit obligation	140.61	115.19
Less: Fair value of plan assets	-	-
Amount to be recognised as liability or (asset)	**140.61**	**115.19**
B. Amounts reflected in the balance sheet		
Current Liabilities	40.93	39.61
Non Current Liabilities	99.68	75.58
Total Liability	**140.61**	**115.19**

b) The amounts recognised in the statement of profit and loss are as follows:

₹ in Million

Particulars	31st March, 2025	31st March, 2024
Employee benefit expenses		
Current service cost	17.44	14.62
Finance cost		
Net interest (income)/expenses	7.54	7.24
Remeasurements for the year - obligation (gain)/loss	11.50	(2.74)
Net cost recognised in the statement of profit and loss	**36.48**	**19.12**

Notes to Financial Statements

For the year ended 31st March 2025

Note 27: Employee Benefits (Contd..)

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

₹ in Million

	Particulars	31st March, 2025	31st March, 2024
1	Present value of obligation as at the beginning of the period	115.19	103.00
2	Acquisition adjustment	-	-
3	Transfer in/ (out)	-	3.41
4	Interest expenses	7.54	7.24
5	Past service cost	-	-
6	Current service cost	17.44	14.62
7	Curtailment cost / (credit)	-	-
8	Settlement cost/ (credit)	-	-
9	Benefits paid	(11.06)	(10.34)
10	Remeasurements on obligation - (gain) / loss	11.50	(2.74)
	Present value of obligation as at the end of the period	**140.61**	**115.19**

d) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Defined Benefit Plan - Compensated Absences:	31st March, 2025	31st March, 2024
Discount rate	6.70%	7.20%
Expected average remaining working lives	8.44	6.84
Salary growth rate*	9.50%	9.00%
Attrition rate	9.00%	12.00%
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult

*The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.

e) Sensitivity analysis:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

₹ in Million

Change in assumptions	31st March, 2025	31st March, 2024
	PVO of Compensated Absences	
1 Discount rate		
Increase by 1%	135.56	111.60
Decrease by 1%	146.03	119.01
2 Salary increase rate		
Increase by 1%	144.53	117.85
Decrease by 1%	136.87	112.62
3 Availment rate		
Increase by 1%	144.04	117.86
Decrease by 1%	136.82	112.30

f) Expected Future Benefit Payments:

₹ in Million

	31st March, 2025	31st March, 2024
	PVO of Compensated Absences	
Within the next 12 months	12.25	13.59
Between 2 & 5 years	34.83	34.84
Above 5 years	41.67	29.33

Notes to Financial Statements

For the year ended 31st March 2025

Note 27: Employee Benefits (Contd..)

g) Average Duration:

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and availment rate) is 6.21 years (PY 5.04 years).

h) Risk Exposure And Asset Liability Matching:

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) **Liability Risk**

a) Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation And Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) **Unfunded Plan Risk**

This represents unmanaged risk and a growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances.

Note 28: Employee Stock Options Scheme - Ind AS 102 :

The Company, during the year 2019-20, introduced Employee Stock Options (ESOS) to its employees. This Scheme is referred as the “KPCL Employee Stock Option Scheme” (“KPCL ESOS - 2019” or “Scheme”).

The objective of the KPCL ESOS - 2019 is to reward the Employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to retain talent in the organisation. The Company views Employee Stock Options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

The Shareholders by way of special resolution dated July 20, 2019 authorized the Nomination and Remuneration Committee of the Board of Directors (NRC) to grant ESOS to the employees of the Company. NRC in its meeting held on October 22, 2019, April 29, 2021, October 19, 2022, October 19, 2023 and July 20, 2024 granted 684,000 (Six lakhs eighty four thousand only), 104,000 (One lakhs four thousand only), and 164,000 (One lakhs sixty four thousand only), 114,000 (One lakhs fourteen thousand only) and 94,000 (Ninety four thousan only) Options respectively to the Employees under the KPCL ESOS - 2019 exercisable in one or more tranches, with each such Option conferring a right upon the employee to apply for one equity share of the Company of face value of ₹ 2 (Indian Rupees two) each fully paid-up, in accordance with the terms and conditions of the Scheme.

Particulars	Grant date October 22, 2019		Grant date April 29, 2021		Grant date October 19, 2022	
	Vesting Date	Option Vested	Vesting Date	Option Vested	Vesting Date	Option Vested
Vesting 1	Oct. 22, 2020	1,96,500	Apr. 28, 2022	43,000	Oct. 19, 2023	47,000
Vesting 2	Oct. 22, 2021	1,38,000	Apr. 26, 2023	41,500	Oct. 19, 2024	31,500
Vesting 3	Oct. 19, 2022	1,38,500	Apr. 29, 2024	2,000	-	-
Vesting 4	Oct. 19, 2023	1,02,500	-	-	-	-

Notes to Financial Statements

For the year ended 31st March 2025

Note 28: Employee Stock Options Scheme - Ind AS 102 (Contd..)

Particulars	Grant date October 19, 2023		Grant date July 20, 2024	
	Vesting Date	Option Vested	Vesting Date	Option Vested
Vesting 1	Oct. 19, 2024	24,000	-	-
Vesting 2	-	-	-	-
Vesting 3	-	-	-	-
Vesting 4	-	-	-	-

Options granted on July 20, 2024 are not yet eligible for vesting as on March 31, 2025.

Number and weighted average exercise prices of options granted, exercised and cancelled / expired during the financial year:

Options granted on October 22, 2019

Particulars	FY - 2024 - 25		FY - 2023 - 24	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,02,100		2,07,700	
Granted during the year	-		-	
Forfeited / lapsed / surrendered during the year	1,500		14,000	
Options vested during the year	-		1,02,500	
Exercised during the year	77,800	120.00	91,600	120.00
Expired during the year	-		16,000	
Options outstanding at the end of year	22,800		1,02,100	
Options exercisable at the end of the year	22,800		1,02,100	
Weighted average remaining contractual life	1.37 Years		2.15 Years	

* Weighted average share price on the date of exercise is ₹ 1,228.92 (Previous Year ₹ 589.97)

Options granted on April 29, 2021

Particulars	FY - 2024 - 25		FY - 2023 - 24	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	6,800		47,300	
Granted during the year	-		-	
Forfeited / lapsed / surrendered during the year	500		500	
Options vested during the year	1,500		41,500	
Exercised during the year	-	190.00	40,000	190.00
Expired during the year	-		-	
Options outstanding at the end of year	6,300		6,800	
Options exercisable at the end of the year	4,300		2,800	
Weighted average remaining contractual life	1.74 Years		2.77 Years	

* Weighted average share price on the date of exercise is ₹ Nil (Previous Year ₹. 588.37)

Notes to Financial Statements

For the year ended 31st March 2025

Note 28: Employee Stock Options Scheme - Ind AS 102 (Contd..)

Options granted on October 19, 2022

Particulars	FY - 2024 - 25		FY - 2023 - 24	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,44,200		1,64,000	
Granted during the year	-		-	
Forfeited / lapsed / surrendered during the year	6,500		13,000	
Options vested during the year	31,500		47,000	
Exercised during the year	33,700	400.00	6,800	400.00
Expired during the year	-		-	
Options outstanding at the end of year	1,04,000		1,44,200	
Options exercisable at the end of the year	38,000		40,200	
Weighted average remaining contractual life	3.36 Years		3.95 Years	

* Weighted average share price on the date of exercise is ₹ 1,402.16 (Previous Year ₹ 597.72)

Options granted on October 19, 2023

Particulars	FY - 2024 - 25		FY - 2023 - 24	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,14,000		-	
Granted during the year	-		1,14,000	
Forfeited / lapsed / surrendered during the year	12,000		-	
Options vested during the year	24,000		-	
Exercised during the year	12,800	450.00	-	450.00
Expired during the year	1,500		-	
Options outstanding at the end of year	87,700		1,14,000	
Options exercisable at the end of the year	9,700		-	
Weighted average remaining contractual life	4.33 Years		5.03 Years	

* Weighted average share price on the date of exercise is ₹ 1,571.30 (Previous Year ₹ Nil)

Options granted on July 20, 2024

Particulars	FY - 2024 - 25		FY - 2023 - 24	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	-		-	
Granted during the year	94,000		-	
Forfeited / lapsed / surrendered during the year	-		-	
Options vested during the year	-		-	
Exercised during the year	-	810.00	-	
Expired during the year	-		-	
Options outstanding at the end of year	94,000		-	
Options exercisable at the end of the year	-		-	
Weighted average remaining contractual life	4.67 Years		NIL	

Notes to Financial Statements

For the year ended 31st March 2025

Note 28: Employee Stock Options Scheme - Ind AS 102 (Contd..)

Fair value of the options granted :

The company has recorded employee stock-based compensation expense relating to the options granted to the employees based on fair value of options.

The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Employee-benefit expenses to be recognised in the financial statements :

The Company has recognised an amount of ₹ 48.05 Million as employee compensation cost relating to share-based payment (Previous year ₹ 26.23 Million) in the Statement of Profit and Loss.

Note 29: Revenue from Operations :

The disaggregation of revenue such as sales of products, sale of services, revenue from composite supply & leasing is given in Note No.18 - Revenue from Operations. Further disaggregation of revenue is given in operating segment in Note No. 30.

Most of the contracts are fixed price contracts and revenue is recognised at point in time. Most of payment terms are between 0 to 180 days. The terms of payment also varies in relation to class of customer with advance payments, milestone payments, customary credit terms with retention payment getting released as agreed in the contract.

The aggregate amount of remaining performance obligations and expected conversion of the same into revenue is ₹ 156.58 Million in next one year (PY ₹ 360.59 Million).

The Company provides to its customers warranties in the forms of repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 “Provision, Contingent Liabilities and Contingent Assets”.

Reconciliation of the Company’s Revenue from Contract with Customers

₹ in Million

Particulars	2024-25	2023-24
Contract Price	16,609.06	13,443.70
Adjustment for :		
Discounts, rebates, price concessions & incentives	444.42	328.47
Revenue from Contract with Customers	**16,164.64**	**13,115.23**

Notes to Financial Statements

For the year ended 31st March 2025

30 : Details of Operating Segment - Ind AS 108 :

₹ in Million

Sr. No	Particulars	2024-25 COMPRESSION SYSTEMS	2024-25 OTHER NON REPORTABLE SEGMENTS	2024-25 TOTAL	2023-24 COMPRESSION SYSTEMS SYSTEMS	2023-24 OTHER NON REPORTABLE SEGMENTS	2023-24 TOTAL
A.	**Information about Operating Segment (See Note below)**						
	1 Segment Revenue						
	Sales	15,287.65	998.62	16,286.27	12,299.52	926.68	13,226.20
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Net Revenue from Operations	**15,287.65**	**998.62**	**16,286.27**	**12,299.52**	**926.68**	**13,226.20**
	2 Result						
	Segment Result (Net of Income)	3,323.31	(516.37)	2,806.94	2,435.98	(656.66)	1,779.32
	Operating Profit before Interest			2,806.94			1,779.32
	Less: Finance Cost			0.41			0.57
	Profit before Tax			**2,806.53**			**1,778.75**
	3 Other Information						
	Segment Assets	7,956.05	8,176.87	16,132.92	7,028.93	6,821.44	13,850.37
	Total Assets			**16,132.92**			**13,850.37**
	Segment Liabilities	4,619.99	552.09	5,172.08	4,054.20	549.82	4,604.02
	Total Liabilities			**5,172.08**			**4,604.02**
	4 Capital Expenditure During the year	207.56	672.11	879.67	256.01	344.75	600.76
	5 Depreciation and Impairment	188.96	99.92	288.88	218.12	136.55	354.67
				288.88			**354.67**
B	**Revenue by location**						
	1 In India			15,047.26			12,539.11
	2 Outside India			1,239.01			687.09
	Total			**16,286.27**			**13,226.20**
	All Assets of the Company are located within India						

C Other Disclosures

1 In terms of provisions of Ind-AS 108 - Operating Segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM) who evaluates the Company's performance comprising various business segments. Accordingly, segmental information has been reported under Compression Segment and Other Non-Reportable Segments which includes remaining non-qualifying segments.

The Board of Directors of the Company assess the financial performance and position of the Company and make strategic decisions. The Board of Directors, has identified Executive Committee comprising of Executive Chairman and Managing Director as CODM.

2 Composition of Operating Segment

Name of the Segment :	**Comprises of :**
a) Compression Systems	Air & Gas Compressors, Airconditioning & Refrigeration Compressors and Systems etc.
b) Other non-reportable Segments	Remaining non qualifying segments

3 The Segment Revenue, Results , Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis

4 During the year there is no single customer (PY ₹ NIL) who has contributed more than 10% of Revenue of the Company in any of the Segments whether in India or outside.

Notes to Financial Statements

For the year ended 31st March 2025

Note 31. Disclosure of Transactions with Related Parties as required by the Ind AS -24 :

(A) Names of the related parties

1) Key Management Personnel	Mr. Rahul C. Kirloskar	Executive Chairman
	Mr. K. Srinivasan	Managing Director
2) Relatives of Key Management Personnel	Mrs.Alpana Rahul Kirloskar	Wife
	Ms.Suman C.Kirloskar	Mother
	Mr. Atul C. Kirloskar	Brother
	Ms. Alika Rahul Kirloskar	Daughter
	Mr. Aman Rahul Kirloskar	Son
	Mrs. Malathi Srinivasan	Wife
	Ms. Janaki Krishnaswamy	Mother
	Mr. K Ramji	Brother
	Ms. S Padmini	Sister
3) Subsidiary Company	Systems & Components India Pvt Ltd w.e.f. 04-12-2024	
4) Entity controlled by a person or his close relatives where that person is either i) key management personnel of the Company or ii) has a control or joint control over the Company or iii) has significant influence over the Company	Alpak Investment Pvt. Ltd.	
	Kirloskar Energen Pvt. Ltd.	
	Kirloskar Solar Technologies Pvt. Ltd.	
	Navsai Opportunities Pvt. Ltd.	
	Kiara Lifespaces Pvt. Ltd.	
	Alotoxl Ventures LLP	
	Rykenthorus Ventures LLP	
	Binaza Consult Pvt. Ltd.	
	Indifour Consult Pvt. Ltd.	
5) Post employment benefit plan of the Company	Kirloskar Pneumatic Company Limited Employees Gratuity Fund	Trust
	Kirloskar Pneumatic Company Limited Officers Superannuation Fund	Trust

Notes to Financial Statements

For the year ended 31st March 2025

Note 31. Disclosure of Transactions with Related Parties as required by the Ind AS -24 (Contd..)

(B) Related Party Transactions

₹ in Million

Nature of Transaction	Year	Key management Personnel		Relatives of Key Management Personnel	Entity controlled by a person or his close relatives	Subsidiary Company	Total
		Promoter Holding more than 10% (Mr. Rahul C. Kirloskar)	Other	Other	Other		
Services Received	2024-25	91.54	35.92	14.39	48.53	0.75	191.13
	2023-24	80.94	49.48	6.01	0.59	-	137.02
Short Term Employee Benefits	Refer Note No 27						
Post Employment Benefits	Refer Note No 27						
Rent Paid	2024-25	-	-	3.00	-	-	3.00
	2023-24	-	-	3.00	-	-	3.00
Dividend Paid	2024-25	56.22	1.18	61.17	-	-	118.57
	2023-24	41.23	0.78	44.86	-	-	86.87
Balance Outstanding							
Receivable	2024-25	-	-	-	-	-	-
	2023-24	-	-	-	-		-
Payable	2024-25	45.00	15.00	5.00	11.41	-	76.41
	2023-24	35.00	15.00	0.60	0.54	-	51.14
Deposit Receivable	2024-25	-	-	20.00	-	-	20.00
	2023-24	-	-	20.00	-	-	20.00

There are no entities or relatives of Key Management Personnel who are promoters holding more than 10% of share holding.

Contribution to

Kirloskar Pneumatic Company Limited Employees Gratuity Fund - ₹ 10.33 Million (Previous Year ₹ 44.32 Million).

Kirloskar Pneumatic Company Limited Officers Superannuation Fund - ₹ 26.68 Million (Previous Year ₹ 23.73 Million).

Receiving of services includes Remuneration paid / payable to Key Managerial Personnel as per note no 32, and to Relatives of Key Managerial Personnel.

There are no loans and advances given in the nature of loans to above mentioned Related Parties.

There are no loans and advances given in the nature of loans to firms/companies in which directors are interested.

Transactions entered into with Related Party's are made on terms equivalent to those that prevail in arms length transactions.

Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash.

The company has provided capital commitment of ₹ Nil to the related parties as at 31 March 2025 (31 March 2024: ₹ Nil).

The company has provided guarantee of ₹ Nil to the related parties as at 31 March 2025 (31 March 2024: ₹ Nil).

Notes to Financial Statements

For the year ended 31st March 2025

Note 32 : Managerial Remuneration :

a) Profit and Loss Account includes payments and provisions on account of Remuneration to the Executive Directors as under :

₹ in Million

Particulars	2024-25			2023-24		
	Executive Chairman	Managing Director	Total	Executive Chairman	Managing Director	Total
Salary *	30.00	14.40	44.40	30.00	12.29	42.29
House Rent Allowance *	-	-	-	-	-	-
Commission *	45.00	15.00	60.00	35.00	15.00	50.00
Contribution to Provident Fund, Superannuation and Gratuity : #	10.60	4.58	15.18	10.60	4.00	14.60
Other perquisites *	5.94	1.94	7.88	5.34	18.19	23.53
Gross Remuneration	**91.54**	**35.92**	**127.46**	**80.94**	**49.48**	**130.42**

* Represents Short Term Employee Benefits and wherever applicable, Share Based Payment

\# Represents Post Employment Benefits

Note :

1. As the employee wise breakup of contribution to gratuity fund is not ascertainable, the same has been included on the basis of entitlement in gross remuneration.

2. As the employee wise breakup of liability of leave entitlement, based on actuarial valuation, is not ascertainable, the same has not been included in gross remuneration.

b) Computation of net profit under Section 197 read with Section 198 of the Companies Act, 2013.

₹ in Million

Particulars	2024-25	2023-24
1 Net Profit as per Profit & Loss Account	2,806.53	1,778.75
2 ADD		
Directors Remuneration	140.76	139.62
Capital Loss (Exceptional Items)	38.49	83.76
Loss on Sale of Assets	3.30	0.97
	2,989.08	**2,003.10**
3 LESS		
Profit on sale of Investments	9.40	-
Net Gain on Financial Instruments Measured at FVTPL	146.52	107.47
Unrealised and Notional Gains on foreign exchange	0.96	3.05
	156.88	**110.52**
Net Profit U/S 197	2,832.20	1,892.58
Maximum permissible Remuneration payable to Executive Chairman & Managing Director	283.22	189.26
Restricted to		
Executive Chairman	91.54	80.94
Executive Directors	35.92	49.48
Maximum permissible Commission payable to Non Executive Directors	28.32	18.93
Restricted to	13.30	9.20

Notes to Financial Statements

For the year ended 31st March 2025

Note 33: Financial Instruments - fair values:

(a) Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities which are stated at fair value/ amortised cost as applicable

₹ in Million

Particulars	Carrying Value (Stated at fair value / Amortised cost)	
	31st March, 2025	31st March, 2024
A Financial Assets		
a) Fair value through other comprehensive income (FVTOCI)		
Equity investments	1,914.58	1,727.19
b) Fair value through profit and loss (FVTPL)		
Mutual Fund investments	2,685.52	1,855.11
c) Amortised cost		
Trade receivables	4,781.80	3,746.47
Other financial assets	372.70	847.10
Cash and cash equivalents	634.38	495.91
Other bank balances	35.66	35.29
	10,424.64	**8,707.07**
B Financial Liabilities		
Amortised cost		
Lease liabilities	5.18	7.77
Trade payables	2,084.48	2,027.38
Other financial liabilities	840.80	806.63
	2,930.46	**2,841.78**

The following methods and assumptions were used to estimate the fair values / amortised cost as applicable:

The fair values of the investments in unquoted equity shares have been estimated using valuation technique unless they approximate to carrying value. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The fair values of the remaining FVTOCI & FVTPL financial assets are derived from quoted market prices in active markets.

Carrying values of trade payables, trade receivables, employee loans, cash and cash equivalents, other bank balances, other financial assets & other financial liabilities which are stated at Amortised Cost reasonably approximate their fair value due to the short-term maturities of these instruments.

Loans in the nature of security deposits wherever significant have been stated at amortised cost using market rate of interest.

Long-term fixed-rate and variable-rate receivables are evaluated by the company based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables wherever applicable. As of reporting date, the fair value of such receivables, net of allowances, if any, are not materially different from their carrying values.

There are no borrowings as on the reporting date of the current and previous year. Borrowings are however obtained at market rates of interest available for debt on similar terms, credit risk and remaining maturities.

Notes to Financial Statements

For the year ended 31st March 2025

Note 33: Financial instruments - fair values: (Contd..)

(b) Fair value hierarchy and valuation techniques used

The following table provides the fair value measurement hierarchy of company's assets and liabilities grouped into Level 1 to Level 3 as described in notes to accounts. Further table describes the valuation techniques used, key inputs to valuations and quantitative information about significant unobservable inputs for fair value measurements. There has been no change in the valuation technique from earlier years.

As at 31st March 2025

a) Financial assets measured at fair value

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Financial Assets					
FVTOCI investments - quoted	1,169.65	-	-	Quoted market price	
FVTOCI investments - unquoted	-	-	744.93	Discounted cash flow / carrying value	EBIDTA,Free cash flow for 4 Years, growth rate, risk adjusted discount rate
FVTPL investments - Mutual Funds	2,685.52	-	-	Quoted market price	
	3,855.17	-	744.93		

Gain in fair value compared to previous year of the level 3 item amounting to ₹290.74 Million has been recognised in FVTOCI.

b) Financial assets measured at amortised cost for which fair value is disclosed

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Other financial assets	-	372.70	-	Net Present Value	Maturity and prevailing interest rate
	-	372.70	-		

c) Financial liabilities measured at amortised cost

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Other financial liabilities	-	840.80	-	Net Present Value	Maturity period
	-	840.80	-		

Notes to Financial Statements

For the year ended 31st March 2025

Note 33: Financial Instruments - fair values: (Contd..)

As at 31st March 2024

a) Financial assets measured at fair value

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Financial Assets					
FVTOCI Investments - Quoted	1,273.01	-	-	Quoted market price	
FVTOCI Investments - Unquoted	-	-	454.18	Discounted cash flow / carrying value	EBIDTA,Free cash flow for 4 Years, growth rate, risk adjusted discount rate
FVTPL investments - Mutual Funds	1,855.11	-	-	Quoted market price	
	3,128.12	**-**	**454.18**		

b) Financial assets measured at amortised cost for which fair value is disclosed

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Financial assets measured at amortised cost					
Other financial assets	-	847.10	-	Net Present Value	Maturity and prevailing interest rate
	-	**847.10**	**-**		

c) Financial liabilities measured at amortised cost

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Other financial liabilities	-	806.63	-	Net Present Value	Maturity period
	-	**806.63**	**-**		

During the year ended 31 March 2025, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

Notes to Financial Statements

For the year ended 31st March 2025

Note 34: Financial Risk Management :

Financial risk management policy and objectives

The Company's principal financial liabilities comprise of borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, Cash and Cash equivalents which are derived directly from its operations.

Company is exposed to market risk and credit risk.

The management of these risks is overseen by the senior management which is advised by a team of senior officials. The Risk Management team oversees the policies and systems, on a regular basis to reflect changes in market conditions and company's activities and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The board of directors reviews and agrees policies for managing each of these risk is summarised below :

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk namely foreign currency risk, interest rate risk, and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments.

a) Foreign currency risk

Foreign currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in local currency INR and in different foreign currencies. Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated. Company's forex exposure is partly covered by natural hedge. For unhedged exposure refer note 35 - foreign currency sensitivity analysis.

b) Crypto Currency risk

The Company has not traded in any cryptocurrencies during the year. The Company does not hold any cryptocurrency or virtual currency as at 31 March 2025 and 31 March 2024. The Company has also not received any deposits or advances for the purpose of investing in cryptocurrencies or virtual currencies.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has Nil borrowing as on 31st March 2025, but has an exposure of ₹2,685.53 Million in its current investments. To minimise this exposure Company spreads its investment portfolio into short term and medium term maturities.

d) Price risk

Equity price risk

The Company's investment in quoted and unquoted equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to quoted equity securities at fair value is ₹ 1,169.65 Million. A decrease/ increase of 5% in the active market could have an impact of approximately ₹ 58.48 Million on the OCI or equity attributable to the Company. These changes would not have a material effect on profit and loss.

The fair values of the investments in unquoted equity shares have been estimated using valuation technique unless they approximate to carrying value. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility.

A 50 bps increase/decrease in discounting factor used while keeping all other variables constant, the carrying value of the shares would decrease/increase by ₹ 3.50 Million (Previous year ₹ 3.20 Million).

Notes to Financial Statements

For the year ended 31st March 2025

Note 34: Financial Risk Management (Contd..)

2) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company has a large customer base and thus has no concentration of credit risks on a single customer.

a) Trade receivables

The management has established a credit policy under which each new customer is analysed individually for creditworthiness, before offering the payment and delivery terms and conditions.

- Company has different types of credit terms depending upon the type and credit worthiness of the customer. They are either on open terms or backed by Letter of Credit / Bank Guarantees.

- Based on analysis of individual cases, the management considers the impairment of receivables, if any.

The table summarises aging for trade receivable:

₹ in Million

Unsecured Trade receivables - considered good	Not due	Outstanding from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Non-Credit Impaired							
Current	2,943.92	1,606.71	58.71	152.21	-	-	4,761.55
Non - Current	23.00	-	-	-	-	-	23.00
Expected credit loss	-	(0.29)	(1.66)	(0.80)	-	-	(2.75)
31 March 2025	**2,966.92**	**1,606.42**	**57.05**	**151.41**	**-**	**-**	**4,781.80**
Current	2,372.02	1,174.34	99.48	102.90	0.22	0.26	3,749.22
Expected credit loss	-	(0.25)	(1.27)	(0.75)	(0.22)	(0.26)	(2.75)
31 March 2024	**2,372.02**	**1,174.09**	**98.21**	**102.15**	**-**	**-**	**3,746.47**

Expected credit loss on receivables is provided on the basis of previous estimated trend which is 0.10%, 0.50%, 100% for outstanding between 1 to 365 days, 1 to 2 years and more than 2 years respectively.

Movement of Loss allowance (for expected credit loss under simplified approach) :

Particulars	₹ in Million
As at 1 April 2023	2.76
Allowance made/(reversed) during the year	(0.01)
Less : Written off	-
As at 31 March 2024	**2.75**
Allowance made/(reversed) during the year	-
Less : Written off	-
As at 31 March 2025	**2.75**

b) Cash and cash equivalents and bank and other deposits

The cash and cash equivalents are held with Banks with an external short term rating of “A1+”. Thus, the Company considers that its cash and cash equivalents have low credit risks.

Notes to Financial Statements

For the year ended 31st March 2025

Note 34: Financial Risk Management (Contd..)

c) **Liquidity risk**

The table summarises the maturity profile of company's financial liabilities based on contractual undiscounted payments except lease liabilities.

Generally payment terms for Trade payable are between 0 to 90 days.

₹ in Million

Particulars	31st March, 2025					
	Carrying amount	On demand	Less than 6 months	6-12 Months	>1 year	Total
Interest bearing borrowings	-	-	-	-	-	-
Lease Liabilities	5.18	-	1.35	1.40	2.43	5.18
Other financial liabilities	840.80	62.65	499.94	277.76	0.45	840.80
Trade payables	2,084.48	-	2,084.48	-	-	2,084.48

₹ in Million

	31st March, 2024					
	Carrying amount	On demand	Less than 6 months	6-12 Months	>1 year	Total
Lease Liabilities	7.77	-	1.27	1.31	5.19	7.77
Other financial liabilities	806.63	56.32	476.81	272.63	0.87	806.63
Trade payables	2,027.38	-	2,027.38	-	-	2,027.38

d) **The table summarises aging for trade payable:**

₹ in Million

Trade Payable	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
31 March 2025						
MSME	304.53	-	-	-	-	304.53
Others	1,482.97	295.85	0.53	0.12	0.48	1,779.95
Total	**1,787.50**	**295.85**	**0.53**	**0.12**	**0.48**	**2,084.48**
31 March 2024						
MSME	472.07	-	-	-	-	472.07
Others	1,377.93	171.78	5.02	0.49	0.09	1,555.31
Total	**1,850.00**	**171.78**	**5.02**	**0.49**	**0.09**	**2,027.38**

There are no disputed dues payble to creditors.

Note 35: Foreign Currency Sensitivity Analysis:

(A) Exposure Hedged - Foreign Exchange Derivatives

₹ in Million

Nature of Instrument	Currency	Sale / Purchase	31st March, 2025	31st March, 2024
Forward Contracts	USD	Purchase	-	-

Notes to Financial Statements

For the year ended 31st March 2025

Note 35: Foreign Currency Sensitivity Analysis: (Contd..)

(B) Exposure Unhedged - Net - Payable / (Receivable)

Currency	Net exposure in foreign currency in Million		Net exposure in ₹ Million	
	31st March, 2025	31st March, 2024	31st March, 2025	31st March, 2024
USD	(0.88)	(0.59)	(74.19)	(48.73)
EUR	0.05	0.51	4.74	46.94
GBP	0.26	0.45	30.05	48.38
JPY	-	23.88	-	13.54

₹ in Million

Currency	Sensitivity %	Impact on profit (strengthen)*		Impact on profit (weakening)*	
		31st March, 2025	31st March, 2024	31st March, 2025	31st March, 2024
USD	3.42%	2.54	1.62	(2.54)	(1.62)
EUR	3.48%	(0.16)	(0.75)	0.16	0.75
GBP	4.44%	(1.33)	(0.70)	1.33	0.70
JPY		-	0.80	-	(0.80)
Total INR		**1.05**	**0.97**	**(1.05)**	**(0.97)**

(* Strengthening/ weakening of foreign currency)

Note 36: Capital Management :

The Company's capital includes issued equity capital, share premium and free reserves.

The Company's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base. The company aims to sustain investor, creditor and market confidence so as to be able to leverage such confidence for future capital/debt requirements.

Management monitors the return on capital, the capital/debt requirements for various business plans under consideration and determines the level of dividends to equity shareholders.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31 March, 2025 and 31 March, 2024.

The Company has not been declared as a wilful defaulter by any lender who has powers to declare a company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.

Net debt position

₹ in Million

	31st March, 2025	31st March, 2024
Borrowings (including current maturities)	-	-
Less: Cash and cash equivalents & current investments	3,319.90	2,351.02
Net debt	**(3,319.90)**	**(2,351.02)**
Total Equity	**10,960.84**	**9,246.35**

Net debt to equity ratio Not applicable as the net debt position is negative

₹ in Million

Particulars	Cash and Cash Equivalents	Current Borrowings	TOTAL
(Net Debt) /Surplus as on 1st April 2024	2,351.02	-	2,351.02
Cash Flows	822.36	-	822.36
Other non-cash movement	-	-	-
Fair Value Adjustment	146.52	-	146.52
(Net Debt) /Surplus as on 31st March 2025	**3,319.90**	**-**	**3,319.90**

Notes to Financial Statements

For the year ended 31st March 2025

Note 37 : Leases - Ind AS 116 :

A The Company as a Lessee :

has entered into agreements in the nature of Lease / Leave and License agreement with different Lessors / Licensors for the purpose of establishment of office premises / residential accommodations and assets. These are generally in nature of operating Lease / Leave and License and disclosure required as per Ind AS 116 with regard to the above is as under.

i) Where the Lease arrangements are not recognised as ' Right-of-Use Asset ' and covered under paragraph 6 of Ind AS 116

a. Payment under Lease / Leave and License for period :

1) Not later than 1 year ₹ 7.30 Million (₹ 12.10 Million)

2) Later than 1 year but not later than 5 years ₹ 8.21 Million (₹ 11.03 Million)

b. There are no transaction in the nature of Sub Lease.

c. Payments recognised as Rent in the Statement of Profit and Loss for the year ended 31st March, 2025 amounts to ₹ 16.09 Million (₹ 14.91 Million).

d. Period of Agreement is generally for Eleven Months, in some cases extending up to five years and renewable at the option of Lessee. The lease agreements do not have any variable lease payments nor there is any residual value guarantee. There are no leases to which the company has committed and are yet to commence.

ii) Where the Lease arrangements are recognised as ' Right-of-Use Asset ' under Ind AS 116

a. Depreciation charge for right-of-use assets amounts to ₹ 3.53 Million (Previous Year ₹ 3.53 Million) Refer Note No.1 - Property, Plant & Equipment.

b. Interest Expenses on Lease Liability ₹ 0.41 Million (Previous Year ₹ 0.57 Million) is the non-cash movement in (leases) financing liability Refer Note No.24 - Finance Cost and Statement of Cashflow.

c. The expense relating to leases accounted by applying paragraph 6 are given in Note 37 A above.

d. The Company has not entered into any transaction in the nature of Sub Lease or sale & lease back.

e. The aggregate amount of cash outflow on account of leases covered including that of Note 37 A is ₹ 19.09 Million (Previous Year ₹ 17.91 Million)

f. The carrying amount of right-of-use assets at the end of the reporting period amount to ₹ 6.47 Million (Previous Year ₹ 10 Million) Refer Note No.1 - Property, Plant & Equipment.

g. For maturity profile of lease liability Refer Note No.34 (2) (C).

B The Company as a Lessor :

has entered into agreements with various customers for providing Compression Facility on Operating Lease basis. It recognises its income generally on a straight line basis unless differential payment terms are applicable. The Company has disclosed these details in Note No. 1 - Property, Plant & Equipment. The corresponding lease income has been disclosed in Note No. 18 - Revenue From Operations. The Company has not entered into any agreements on variable lease payments.

a. The Company has not given any assets on Financial Lease basis.

b. The Company has examined its expected future revenue from existing leasing contracts and does not foresee any requirement for impairment as per Ind AS 36 for the underlying leased assets.

c. Maturity Analysis based on current firm contract period

₹ in Million

Asset under Lease	Undiscounted Lease Payments to be received in each of next 5 Years				
	Year 1	Year 2	Year 3	Year 4	Year 5
Compression Facility	33.50	-	-	-	-
Total	**33.50**	**-**	**-**	**-**	**-**

d. The Company has not entered into any transaction in the nature of sale & lease back.

Notes to Financial Statements

For the year ended 31st March 2025

Note 38 : Capital and Other Commitments :

₹ in Million

Particulars	2024-25	2023-24
i. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for, net of Advances.	146.50	33.27
ii. Guarantees given by Company's Bankers for Contracts undertaken by the Company are secured by a First Charge on Company's Inventories (excluding Stores and Spares relating to Plant and Machinery) & Outstanding Bills. Amount outstanding as on 31st March 2025,net of Advances.	2,989.13	2,101.50

Note 39 : Payment to Auditors :

₹ in Million

Particulars	2024-25	2023-24
(a) As Auditors	2.90	2.90
(b) In Other Capacity		
For Tax Audit	0.40	0.40
For Certification	0.30	0.23
	3.60	**3.53**
(c) For Expenses	0.07	0.07
	3.67	**3.60**

Note 40 : Dividend Distribution made and Proposed :

₹ in Million

Particulars	2024-25	2023-24
Cash dividend on equity shares declared and paid		
Final dividend for the year ended 31 March 2024 ₹ 4 Per share i.e. 200% (31 March 2023 of ₹ 3 Per share i.e. 150%)	259.24	193.96
Interim dividend for the year ended 31 March 2025 ₹3.50 Per share i.e. 175% (31 March 2024 ₹ 2.50 Per share i.e. 125%)	227.07	161.91
	486.31	**355.87**

Final dividend proposed for the year ended 31st March 2025 of ₹ 6.50/- per share i.e. 325 %.

Proposed dividend on equity shares are subject to approval of the shareholders of the Company at the Annual General Meeting and are not recognised as a liability as at 31 March 2025.

Note 41 : Contingent Liabilities :

A. Contingent Liabilities not provided for in respect of :

₹ in Million

Particulars	2024-25	2023-24
Claims against the Company not acknowledged as Debts, estimated at	121.13	415.54
Income Tax Matters	6.97	6.97
Disputed Central Excise/GST Matters	0.01	-
Disputed Customs Matters	2.29	2.29
Disputed Sales Tax Demands	-	0.78
Guarantees given by Company to Customers for the contracts undertaken in usual course of business	3.74	32.85

Notes to Financial Statements

For the year ended 31st March 2025

Note 42 : Expenditure in Foreign Currencies (accrual basis) :

₹ in Million

Particulars	2024-25	2023-24
CIF Value of Imports		
Raw Materials & Components	1,720.49	1,662.31
Capital Goods	-	3.22
Other Expenses	96.93	31.07
Total	**1,817.42**	**1,696.60**

Note 43 : Earnings in Foreign Currencies (accrual basis) :

₹ in Million

Particulars	2024-25	2023-24
F.O.B. Value of Exports	1,217.55	681.70
Export of Services	21.46	5.39
Other Income	0.43	2.20
Total	**1,239.44**	**689.29**

Note 44 : Earnings Per Share :

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic and diluted earnings per share calculation are as follows:

₹ in Million

Particulars	2024-25	2023-24
Profit attributable to equity shareholders (₹ in Million)	2,110.70	1,332.88
Weighted average number of equity shares used as denominator	6,48,30,724	6,46,96,653
	In ₹	In ₹
Basic earnings per share of nominal value of ₹ 2/- each	**32.56**	**20.60**
Effect of Dilution		
Stock option granted under ESOP (number of shares)	1,44,617	1,16,493
Weighted average number of equity shares for the purpose of computing	6,49,75,341	6,48,13,146
	In ₹	In ₹
Diluted earnings per share of nominal value of ₹ 2/- each	**32.48**	**20.57**

Note 45 : The information as required to be disclosed under the "Micro, Small and Medium Enterprises Development Act,2006" has been determined to the extent such parties have been identified on the basis of information available with the company. Based on disclosure, total outstanding of Micro, Small and Medium Enterprises to whom the company owes money is as under :

₹ in Million

Particulars	31st March, 2025	31st March, 2024
Total outstanding to MSME suppliers	304.53	472.07
Principal Amount	304.53	472.07
Interest Amount on above	-	-
Payment made to suppliers beyond the appointed day, during the year	1,544.83	1,793.60
Interest due and payable to suppliers under MSMED Act, for the payments already made	5.97	5.90
Interest accrued and remaining unpaid for the year to suppliers under MSMED Act	5.97	5.90
Interest remaining due & payable to suppliers under MSMED Act	**27.03**	**21.06**

Notes to Financial Statements

For the year ended 31st March 2025

Note 46 : Taxation :

Company has provided Income Tax for the year ended on 31st March, 2025 and remeasured its Deferred Tax Asset / Liability on the basis of rates prescribed under section 115BAA of the Income Tax Act, 1961 exercising the option permitted under that section.

₹ in Million

Particulars	As at 31st March 2025	As at 31st March 2024
Current income tax	695.00	452.11
Current Tax	**695.00**	**452.11**
Relating to origination and reversal of temporary difference	0.83	(6.24)
Deferred Tax	**0.83**	**(6.24)**
Income tax expenses reported in the Statement of Profit and loss	**695.83**	**445.87**

Other Comprehensive Income (OCI)

₹ in Million

Particulars	As at 31st March 2025	As at 31st March 2024
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	5.19	(3.97)
Net loss/(gain) on FVOCI equity instruments	(3.49)	(51.33)
Deferred tax charged to OCI	**1.70**	**(55.30)**

Reconciliation of tax expense and tax calculated at prevailing income tax rate on the accounting profit for the year ending March 2025 & March 2024 is as under :

₹ in Million

Particulars	As at 31st March, 2025	As at 31st March, 2024
Accounting Profit Before Tax	**2,806.53**	**1,778.75**
Tax on above at current rate of Income Tax	706.35	447.68
Tax Expense		
Current	695.00	452.11
Deferred	(4.36)	(10.21)
Total Tax Expense	**690.64**	**441.90**
Difference	(15.71)	(5.78)
Tax Reconciliation :		
Amounts not deductible		
Donations & CSR expenses	7.05	5.35
Others	2.75	2.34
Amounts not Taxable		
Deduction allowed u/s 43B(h)	(72.81)	-
Others	(37.70)	(13.58)
Taxation in respect of earlier years	85.00	0.11
Total	**(15.71)**	**(5.78)**

"The company has not surrendered or disclosed any income during the year in the tax assessments under the Income Tax Act, 1961."

Notes to Financial Statements

For the year ended 31st March 2025

Note 47 : Expenditure on Corporate Social Responsibility ("CSR") activities :

₹ in Million

a. Particulars	2024-25	2023-24
Gross amount required to be spent by the Company during the year	28.00	21.22
Amount approved by the board to be spent during the year	28.00	21.22
Amount spent during the year on :		
(i) Construction/Acquisition of any asset	-	-
(ii) On purpose other than (i) above	28.01	21.26
The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-
The total of previous years' shortfall amounts	-	-
The reason for above shortfalls	NA	NA
The nature of CSR activities undertaken by the Company	Refer note 'b' below	Refer note 'b' below

b The Company has undertaken CSR activities relating to Promoting Education, Ensuring environmental sustainability, Preventive health care and sanitation.

Note 48 : Ratios :

Ratios	Numerator	Denominator	Current Period	Previous Period	% Variance
Current ratio	Total Current Assets	Total Current Liabilities	2.25	2.16	4.0%
Debt-equity ratio	Non-Current Borrowing	Total Equity	-	-	NA
Debt service coverage ratio	Profit for the year + Depreciation + Interest on Borrowing	Current Borrowing + Int. on Borrowing	NA	NA	NA
Return on equity ratio	Profit for the year	Average of Opening & Closing (Total Equity - OCI Reserve)	24.59%	18.45%	33.3%
Inventory turnover ratio	Cost of Goods Sold	Average of Opening & Closing Inventory	4.27	3.75	13.9%
Trade receivables turnover ratio	Revenue from Operations - Other Operating Revenue	Average of Opening & Closing Trade Receivables	3.80	3.73	2.0%
Trade payables turnover ratio	Purchases	Average of Opening & Closing Trade Payables	4.16	4.10	1.4%
Net capital turnover ratio	Revenue from Operations - Other Operating Revenue	Total Current Assets - Current Investments - (Total Current Liabilities - Current Borrowing)	4.71	4.10	14.8%
Net profit ratio	Profit for the year	Total Income	12.79%	9.93%	28.7%
Return on capital employed	Profit Before Tax + Finance Cost	Average of Opening & Closing Total Assets - Total Liabilities - Tangible CWIP - Intangible CWIP - Non Current Investment + Cost of Acquisition of Quoted + Unquoted Non-Current Investment	34.59%	26.28%	31.6%
Return on investment	Income generated from Invested fund	Average funds Invested in Treasury Investment	7.08%	7.47%	-5.2%

As on the Balance Sheet date Company does not have any debt. As such debt equity ratio is zero and debt service coverage ratio is also not applicable.

Return on equity ratio, Net profit ratio & Return on capital employed % improved due to 23% growth in revenue from operations with a lower material consumption.

Notes to Financial Statements

For the year ended 31st March 2025

Note 49 : Salient features of the Financial Statements of Subsidiaries for the year ended 31st March 2025 :

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

₹ in Million

Sr. No.	Particulars	Systems & Components India Pvt Ltd
1	The date since when subsidiary was Acquired / Incorporated	04-12-2024
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N A
3	Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries	INR
4	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	-
5	Share capital	15.00
6	Reserves and surplus	99.71
7	Total assets	326.29
8	Total liabilities	211.58
9	Investments	-
10	Turnover	117.09
11	Profit / (Loss) before tax	1.36
12	Provision for tax	(0.32)
13	Profit / (Loss) after tax	1.68
14	Proposed dividend	-
15	% of shareholding	55.26%

During the year the Company has acquired 55.26% equity in Systems & Components India Pvt Ltd which effectively became a subsidairy company w.e.f. 4th December 2024.

Note 50 : Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

Subsidiary Company

Systems & Components India Pvt Ltd w.e.f. 04-12-2024

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.

Note 51 : Assets Classified as Held for Sale :

The Company has identified certain assets from property, plant & equipments of the business which are available for sale in its present condition. The Company is committed to plan the sale of these assets and an active programme to complete the sale has been initiated. The Company expects to dispose off these assets in the due course. Accordingly, non-current assets amounting to ₹ 59.00 Million (Previous year ₹ 97.49 Million) (net fair value) have been classified as held for sale in the books of accounts. The fair value of these assets is determined on the basis of estimated realisable value.

Note 52 : Exceptional Items :

The assets held for sale are measured at lower of the carrying value and fair value less cost to sale at the time of reclassification which resulted in recognition of impairment loss and has been disclosed as an exceptional item in the statement of profit and loss amounting to ₹ 38.49 Million (Previous year ₹ 83.76 Million).

Note 53 : Long Term Contracts :

The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of accounts. As on 31st March 2025 there are no such contracts.

Notes to Financial Statements

For the year ended 31st March 2025

Note 54 :

Working capital facilities (fund based & non fund based) are secured by way of first charge on book debts and other tangible assets (comprising of inventory etc.) in favour of consortium of banks.

The Company does not have any charges or satisfaction which is yet to be registered with the ROC beyond the statutory period.

Quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

Note 55 : The Company has complied with the number of layers prescribed under the Companies Act, 2013.

Note 56 : The Company does not have any transactions with companies struck off.

Note 57 : Disclosure for Investment and transaction through/ as an intermediary to ultimate Beneficiary -

i. The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

ii. The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Note 58 : Previous Years figures have been regrouped, rearranged or reclassified wherever necessary to correspond to Current Year's figures.

Note 59 : These financial statements were authorised for issue by the Board of Directors on 24th April, 2025.

Notes to Financial Statements

For the year ended 31st March 2025

NOTE 60 : NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2025

1. Corporate Information

The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act 1956. The registered office of the Company is located at 1, Hadapsar Industrial Estate, Pune 411 013. The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited.

The Company is engaged in the business of Compression & Transmission products, primarily serving sectors of oil & gas, engineering, steel, cement, food & beverage by offering engineered products and solutions. The Compression segment is engaged in design, manufacture, supply and erection / commissioning of wide range of air, gas and refrigeration compressors, packages & systems. Transmission products includes design, manufacture and supply of railway traction gears and customized gearboxes for windmill, industrial and marine applications. The Company also manufactures forge parts to support internal manufacturing requirements as well as servicing external customer.

2. Basis of preparation of Financial Statements

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

The financial statements have been prepared on historical cost basis, except for certain financial instruments which are either stated at amortised cost or measured at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

Also, plan assets in a defined benefit plans are measured at fair value.

3. Significant account judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

3.1. Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effects on the amounts recognised in the financial statements:

Operating lease where company is a lessor

The Company, for its leases, has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the asset under a lease and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Lease Term where company is a lessee

The company has applied provisions of Ind AS 116 effective 1st April, 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgment.

Revenue Recognition

The company recognises revenue for each performance obligation either at a point in time or over a time.

In case performance obligation is satisfied over a period of time, either the input method or output method is used based on the type of contract and the performance obligation involved to determine the revenue to be recognised. These methods faithfully depict the company's performance towards complete satisfaction of performance obligation.

Practical expedient of "right to consideration" is also considered in respect of contracts where the satisfaction of performance is measured using the output method while recognizing revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the company generally recognises revenue when the control is transferred. In case of domestic sale of goods, transfer of control is evaluated based on consideration of transfer of risk & reward of ownership, legal title to the goods, acceptance or inspection by the customer, companies right to payment and physical possession and in case of exports on the date of Bill of Lading. In case of services, the revenue is recognized based on completion of distinct performance obligation.

3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material

Notes to Financial Statements

For the year ended 31st March 2025

adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and expected rate of return on plan assets.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, actuary considers the interest rates of government bonds and extrapolates as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based as per the policy of the Company.

Further details about defined benefit obligations are provided in Note 27.

Fair value of investments

The Company holds equity and debt investments in unquoted companies. The valuation of investment requires assumptions in relation to growth rates and discount rates.

The valuation of such investments is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3.3 Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the company's functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest millions as per the requirements of Schedule III, unless otherwise stated.

4. Material Accounting Policies

4.1 Current Vs Non Current Classification

The company presents assets and liabilities in the Balance Sheet based on current/non-current classification

An asset is current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle

b. Held primarily for the purpose of trading

c. Expected to be realised within twelve months after the reporting period or

d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non – current.

A liability is current when it is:

a. Expected to be settled in normal operating cycle

b. Held primarily for the purpose of trading

c. Due to be settled within twelve months after the reporting period or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non – current.

Deferred tax assets and liabilities are classified as non - current assets and liabilities.

4.2 Fair value measurement

The Company measures financial instruments such as Investments etc. at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to Financial Statements

For the year ended 31st March 2025

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The Company's management determines the policies and procedure for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant unquoted financial assets and liabilities.

4.3 Property, Plant and Equipment

a. Property, Plant and Equipment; and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment, borrowing costs for long term construction projects if the recognition criteria are met and net initial cost estimate of requirement of restoration of site where the asset is located.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

b. Capital work-in-progress comprises of cost of Property, Plant and Equipment that are not yet installed and ready for their intended use at the Balance Sheet date.

c. Own manufactured assets are capitalised at cost including an appropriate directly allocable expenses.

Depreciation

- With the commencement of the Companies Act, 2013, depreciation is being provided on straight line method according to the useful life prescribed on single shift working basis in Sch II of the Act on the carrying amount of the asset over the remaining useful life of the asset as per the said schedule, except as stated below. Where the asset is used any time during the year in double or triple shift, depreciation is being calculated on the basis of Note 6 of the said schedule.
- Depreciation on Vehicle other than leased vehicles is being provided over a period of five years, being the estimated useful life of the asset to the company.
- Depreciation on Additions to Property, Plant and Equipment is being provided on pro-rata basis from the month of acquisition or installation of the said Asset, as per Note 2 of Sch II to Companies Act, 2013 in a manner stated above.
- Depreciation on Leased Vehicles is being provided over a period of eight years, being the estimated useful life of the asset to the Company.
- Depreciation on Compression Facilities given on lease is being provided on the basis of estimated useful life of each of the components of the facility.
- Depreciation on Jigs & Fixtures, Patterns and Dies is being provided over a period of three years, being the estimated useful life of the asset to the Company.

Notes to Financial Statements

For the year ended 31st March 2025

- Depreciation on Assets sold, discarded or demolished during the year is being provided at their respective rates up to the preceding month in which such Assets are sold, discarded or demolished.

- Technical assessment of assets is carried out annually to identify cost of part of asset which is significant to total cost of asset and where useful life of that part of asset is significantly different than useful life of remaining part of asset. Parts are depreciated as per useful life so determined.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.4 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Expenditure on acquiring Technical Know-how (intangible asset) is amortised equally over a period of five years or usage period whichever is lesser, after commencement of commercial production. Depreciation on additions to Software is provided on pro-rata basis from the month of installation, over a period of one year.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are recorded at the consideration paid for acquisition.

4.5 Borrowing Cost

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of the asset. Other borrowing costs are recognized as expenses in the period in which these are incurred.

4.6 Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. Market related information and estimates such as long term growth rates, weighted average cost of capital and cash flow projections considering past experience are used to determine the recoverable amount. If such recoverable amount of the assets or the recoverable amount (economic value in use) of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Profit and Loss account. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Profit and Loss account.

4.7 Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

(ii) Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)

Notes to Financial Statements

For the year ended 31st March 2025

- Financial assets at Fair value through profit and loss (FVTPL)

- Financial assets at amortised cost :

  A financial asset is measured at amortised cost if:

  - The financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial measurement, such financial assets are subsequently measured by applying the Effective Interest Rate (EIR) to the gross carrying amount of a financial asset if applicable. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

- Financial assets at fair value through other comprehensive income (FVTOCI)

  A financial asset is measured at fair value through other comprehensive income if:

  - The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in Other Comprehensive Income except for interest income, impairment gains or losses for foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

- Financial assets at fair value through profit or loss (FVTPL)

  A financial asset is measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income.

  In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit and loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

  After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

(iii) De-recognition of financial assets

A financial asset is derecognised when:

- The contractual rights to the cash flows from the financial asset expire,

  Or

- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made from financial assets which are equity instruments and financial liabilities. For financial assets a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting

Notes to Financial Statements

For the year ended 31st March 2025

period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

(v) Impairment of financial assets

The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

(ii) Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- Financial liabilities at fair value through profit and loss
- Amortised Cost
- Loans and Borrowings at amortised Cost

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(iii) De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from Balance Sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

4.8 Derivatives

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk to the Company. Derivative contracts are not used for trading or speculation purposes.

All derivatives are measured at fair value through the Profit and Loss. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. Hedging activities are explicitly identified and documented by the Company.

4.9 Foreign Currency Transactions

a. Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

b. Conversion

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are revalorized at the rate prevailing on the date of Balance Sheet.

c. Exchange Differences

Exchange difference arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of corresponding asset up to the date of transition to Ind AS. Further, exchange difference on foreign currency loans utilized for acquisition of assets, is adjusted in the cost of the asset up to transition date of Ind AS only.

Notes to Financial Statements

For the year ended 31st March 2025

4.10 Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- Company as a Lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Company uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio. However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Company applies both recognition exemptions.

Right of use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

- Company as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the company will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.11 Inventories

Cost of inventories have been computed to include all costs of Purchase, Cost of Conversion and other costs incurred in bringing inventories to their present location and condition.

I. The Stocks of Raw Materials and Components, Stores and Spares and Traded Goods are valued at cost calculated on Weighted Average basis.

Notes to Financial Statements

For the year ended 31st March 2025

II. The Stocks of Work-in-Progress (including factory-made components) and Finished Goods are valued on the basis of Full Absorption Cost of attributable factory overheads or net realisable value, whichever is lower.

III. Goods in Transit are stated at actual cost to the date of Balance Sheet.

IV. Unserviceable and Obsolete Raw Materials are valued at an estimated realisable value.

V. Imported Materials lying in Bonded Warehouse, are valued at cost to the date of Balance Sheet.

4.12 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of profit and loss.

Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences including, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss, is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.13 Employee Benefits

a) Short Term Employee Benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b) Employee Stock Options Scheme

The fair value of options granted on the date of grant to employees is recognised as employee benefit expense with corresponding increase in equity being the share based payment. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are required to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

Notes to Financial Statements

For the year ended 31st March 2025

c) Post-Employment Benefits

(i) Defined contribution plan

The Company makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/ payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

(ii) Defined benefit plan

The employee's gratuity fund scheme is Company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the profit and loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

d) Other long term employment benefits:

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet.

In regard to other long term employment benefits, the Company recognises the net total of service cost; net interest on the net defined benefit liability (asset); and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

Termination Benefits:

Termination Benefits are recognised in the statement of profit and loss in the year in which termination benefits become payable or when the Company determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

4.14 Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

Provisions for cost of warranty obligations are recognised at the best estimate of the expenditure required to settle the Company's obligation.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4.15 Revenue Recognition

a) Revenue from contracts with customers for sale of goods or services is recognised when a performance obligation is satisfied either over a time or at a point in time by transferring a promised good or service under the contract to a customer and the customer obtains control of the same, creating a right to payment for the performance completed, the associated costs can be estimated reliably and the amount of revenue can be measured reliably.

Notes to Financial Statements

For the year ended 31st March 2025

Revenue towards satisfaction of a performance obligation is measured at the transaction price allocated to that performance obligation net of discounts, rebates and returns.

b) Contract is recognised when parties to the contract approve the contract committing respective performance obligations, identify each parties rights to goods and services to be transferred under the contract, payment terms, thus has a commercial substance and where the Company shall be entitled to collect the consideration in exchange of goods or services to the Customer.

c) In contracts under which performance obligation is satisfied at a point in time, revenue is recognised at point in time when the control is transferred. Evaluation of point of time when control is transferred is perform based on consideration of transfer of risks & rewards of ownership, legal title to the goods, acceptance or inspection by the customer, companies right to the payment and physical possession in case of domestic sales and in case of export on the date of bill of lading.

d) In contracts under which performance obligation is satisfied over a period of time, covering multiple reporting dates, an input method is used to recognise the revenue as it corresponds to entity's efforts to the satisfaction of the performance obligation relative to total expected efforts.

e) Such measurement may result in the Company recognising either contract asset or contract liability (unbilled revenue). The contract assets represents amount due from customer, primarily relate to the Company's rights to consideration for work executed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, that is when invoice is raised on achievement of contractual milestone. This usually occurs when the Company issues an invoice to the customer. The contract liabilities represents amount due to customer, primarily relate invoice raised on customer on achievement of milestone for which revenue is recognised over the period of time and after the reporting date.

f) Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. The company reasonably estimates the standalone selling prices if such prices are not observable. For each performance obligations identified as above the revenue is recognised either at a point in time or over time. When the company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

g) Disaggregation of Revenue is depicted in Operating Segment.

h) Government grant in the nature of export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the statement of profit and loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

i) Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

j) Income from dividend on investments is accrued in the year in which it is authorized, whereby right to receive is established.

k) Profit / Loss on sale of investments is recognized on the contract date.

4.16 Cash dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders except in case of interim dividend which is approved by the Board. A corresponding amount is recognised directly in equity.

Notes to Financial Statements

For the year ended 31st March 2025

4.17 Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

4.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments and increase & decrease in current assets and current liabilities. The cash flows from regular operating, investing and financing activities of the Company are segregated.

5. Standards issued

For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

As per our attached report of even date.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No.108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Consolidated
Financial Statements

Independent Auditor's Report

To the Members of
Kirloskar Pneumatic Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kirloskar Pneumatic Company Limited (hereinafter referred to as "the Holding Company"), its subsidiary Systems and Components (India) Private Limited (the Holding Company, its subsidiary together referred to as "the Group"), comprising of the consolidated Balance sheet as at March 31, 2025, the consolidated Statement of Profit and Loss, including other comprehensive loss, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2025, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *"Auditor's responsibilities for the audit of the financial statements"* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1	**Revenue Recognition** (Refer note 19, 63.3.1 and 63.4.15 of the accompanying financial statements) Holding Company's revenue comprises of revenue from sale of goods as well as services, including cases where performance obligations are satisfied at a point in time as well as over a period of time. Revenue recognition has been identified as a key audit matter since it involves management judgment and estimates, and the fact that it is considered to be a key metric for evaluation of Holding Company's performance.	Our audit procedures included the following: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal financial controls in relation to revenue recognition. • Assessing the appropriateness of the accounting policies related to revenue recognition with reference to the applicable Indian Accounting Standards. • Testing the revenue transactions recognised during the year by verification of underlying documents on a sample basis. • Testing the appropriateness of contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples. • Testing the supporting documents on a sample basis, for sales transactions recorded during the period closer to the year end to determine whether revenue was recognised in the appropriate period based on the terms of contract and as per conditions specified under Ind AS 115. • Assessing the completeness and appropriateness of disclosures relating to revenue recognition as required by the applicable Indian Accounting Standards.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management's and Board of Directors for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Managements and Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. A statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Financial Statements.

   b) In our opinion, proper books of account as required by law have been kept by the Companies within the group so far as it appears from our examination of those books except for the matters stated in paragraph h (vi) below on reporting under Rule 11(g).

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiary which is incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules,2014.

   g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

      A separate report as required under clause (i) of sub-section (3) of Section 143 of the Companies Act 2013, on adequacy of internal financial control over financial reporting of the Subsidiary Company and the operating effectiveness, is not enclosed herewith as the Subsidiary Company complies exemption criteria specified in notification No. F. No.1/1/2014-CL-V as amended by notification dated 25th July 2017 read along with notification No. G.S.R. 583(E) dated 13th June, 2017 issued by the Ministry of Corporate Affairs.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :

      i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 42 to the consolidated financial statements;

      ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2025;

      iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2025. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India during the year ended March 31, 2025.

      iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended:

         a. The respective managements of Holding Company and Subsidiary Company has represented that, to the best of its knowledge and belief, as disclosed in the Note 59 in Notes to the Accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by

or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The respective managements of the Holding Company and its subsidiary has represented that, to the best of it's knowledge and belief, as disclosed in the Note 59 in Notes to the Accounts, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend paid and proposed by the Holding Company during the year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The Subsidiary Company has not declared dividend during the year. (Refer Note 41 to the Consolidated Financial Statements).

vi. Based on our examination, which included test checks, the Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. The audit trail feature was found to be operational throughout the year for most relevant transactions. In the case of stock adjustments recorded in ERP system, while history is available, user identification details were not recorded. In respect of payroll, which is managed by third party, the SOC report has reported that audit trail at application level was enabled from 19 December 2024 onwards. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Also, the Holding Company has preserved the Audit Trail as required under the rule.

Based on our examination, the Subsidiary Company has used accounting software that has the feature of recording an audit trail (edit log) and that the same has been enabled and operational throughout the year for all relevant transactions recorded in the books of account. However, we note that in certain instances, user-level identification of changes could not be distinctly established, as the system was accessed using a common login by multiple users. Furthermore, we did not observe any instance of the audit trail feature being tampered with during the course of our audit. Also, the Subsidiary Company has preserved the audit trail as required under the rule.

3. In our opinion, the managerial remuneration for the year ended March 31, 2025 has been paid / provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No.105215W/W100057

sd/-

Anand Jog
Partner
Membership No.: 108177
UDIN: 25108177BMJBPF9912
Pune, April 24, 2025

Annexure 'A' To The Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kirloskar Pneumatic Company Limited of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations sought by us and given by the company, records examined by us in the normal course of audit and to the best of our knowledge and belief, and based on the Auditor's Reports on the financial statements of Company and its subsidiary as at and for the year ended March 31, 2025, included in the consolidated financial statements of the Group, we report in respect of those companies where audits have been completed under section 143 of the Act, Qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) reports of the companies included in the Consolidated Financial Statements are :

Entity Name	CIN	Subsidiary/ Joint Venture/ Associates	Clause number of the CARO report which is qualified or is adverse
Kirloskar Pneumatic Company Limited	L29120PN1974PLC110307	Holding Company	(vii)(a)
Systems and Components (India) Private Limited	U74210MH1989PTC054107	Subsidiary Company	(xvii)

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No.105215W/W100057

sd/-

Anand Jog
Partner
Membership No.: 108177
UDIN: 25108177BMJBPF9912
Pune, April 24, 2025

Annexure "B" To The Independent Auditor's Report

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kirloskar Pneumatic Company Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Kirloskar Pneumatic Company Limited** ("the Holding Company"), as of March 31, 2025 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date. Reporting on internal financial controls with reference to financial statements is not applicable to the subsidiary company incorporated in India pursuant to the Companies Act, 2013.

Responsibilities of Management's and Board of Directors for Internal Financial Controls

The Board of Directors and Management of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility for the audit of Internal Financial Controls

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company have maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No.105215W/W100057

sd/-

Anand Jog
Partner
Membership No.: 108177
UDIN: 25108177BMJBPF9912
Pune, April 24, 2025

Consolidated Balance Sheet

As at 31st March 2025
CIN : L29120PN1974PLC110307

₹ in Million

Particulars	Note No.	As at 31st March, 2025
ASSETS		
(1) NON-CURRENT ASSETS		
(a) Property, Plant and Equipment (Includes ROU Asset)	1	3,115.48
(b) Capital work-in-progress	1A	196.71
(c) Other Intangible Assets	2	38.02
(d) Intangible Assets Under Development	2A	16.18
(e) Financial Assets		
(i) Investments	3	1,759.58
(ii) Trade Receivable	4	23.00
(iii) Loans		-
(iv) Other Financial Assets	5	90.09
(f) Other Non-Current Assets	7	2.60
TOTAL NON-CURRENT ASSETS		**5,241.66**
(2) CURRENT ASSETS		
(a) Inventories	9	2,153.94
(b) Financial Assets		
(i) Investments	3	2,685.52
(ii) Trade Receivables	4	4,804.13
(iii) Cash and Cash Equivalents	10	634.59
(iv) Bank Balance other than (iii) above	10	35.66
(v) Others	5	307.07
(c) Other Current Assets	7	550.67
(d) Assets Classified as Held for Sale	8	59.00
TOTAL CURRENT ASSETS		**11,230.58**
TOTAL ASSETS		**16,472.24**
EQUITY AND LIABILITIES		
(1) EQUITY		
(a) Equity Share Capital	12	129.79
(b) Other Equity	13	10,832.63
Equity attributable to owners of parent		**10,962.42**
(c) Non-controlling Interests		126.77
(2) LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	14	0.98
(ii) Lease Liabilities		5.14
(iii) Other Financial Liabilities	16	0.45
(b) Provisions	17	101.49
(c) Deferred Tax Liabilities (Net)	6	181.57
(d) Other Non-Current Liabilities		-
TOTAL NON-CURRENT LIABILITIES		**289.63**
CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings		96.29
(Current Maturities of Long-Term Debt)		
(ii) Lease Liabilities		3.62
(iii) Trade Payables	15	
Total Outstanding due to Micro and small enterprises		319.01
Total Outstanding dues of Creditors other than Micro and small enterprises		1,840.35
(iv) Other Financial Liabilities	16	846.92
(b) Other Current Liabilities	18	1,839.85
(c) Provisions	17	106.87
(d) Current Tax Liabilities (Net)	11	40.51
TOTAL CURRENT LIABILITIES		**5,093.42**
TOTAL LIABILITIES		**5,383.05**
TOTAL EQUITY AND LIABILITIES		**16,472.24**
Notes forming part of the Financial Statements	1 - 63	

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No. 108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Consolidated Statement of Profit and Loss

For the year ended 31st March 2025
CIN : L29120PN1974PLC110307

₹ in Million

Particulars		Note No.	2024-25
INCOME :			
I	Revenue from Operations	19	16,401.69
II	Other Income	20	222.47
III	**TOTAL INCOME (I + II)**		**16,624.16**
EXPENSES :			
	Cost of Materials Consumed	21	8,321.32
	Purchase of Traded Goods	22	489.59
	Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	(162.31)
	Employee Benefits Expenses	24	1,789.03
	Finance Costs	25	3.53
	Depreciation and Amortization Expense	26	291.38
	Other Expenses	27	3,044.79
IV	**TOTAL EXPENSES**		**13,777.33**
V	**Profit before Exceptional Items and Tax (III - IV)**		2,846.83
VI	Exceptional Items	54	38.49
VII	**Profit before Tax (V-VI)**		**2,808.34**
VIII	**Tax Expense :**	47	
	Current Tax (Net of ₹ 85.00 Million in respect of earlier years Previous Year - ₹ 0.11 Million)		695.00
	Deferred Tax		0.51
			695.51
IX	**Profit for the Year (VII-VIII)**		**2,112.83**
X	**Other Comprehensive Income (OCI)**		
	a) Items that will not be reclassified to profit or loss		
	i) Re-measurement of net Defined Benefit Obligation		(19.62)
	ii) Equity Instruments through Other Comprehensive Income		32.39
			12.77
	b) Income tax relating to items that will not be reclassified to profit or loss		
	i) Taxes on Re-measurement of net Defined Benefit Obligation		4.94
	ii) Taxes on Equity Instruments through Other Comprehensive Income		(3.49)
			1.45
	Total Other Comprehensive Income (a+b)		**14.22**
	Total Comprehensive Income for the period (IX+X) (Comprising Profit and Other Comprehensive Income for the period)		**2,127.05**
	Profit for the year attributable to :		
	Owners of the Company		2,111.88
	Non-Controlling Interest		0.95
			2,112.83
	Other Comprehensive Income / (loss) attributable to :		
	Owners of the Company		13.89
	Non-Controlling Interest		0.33
			14.22
	Total Comprehensive Income / (loss) attributable to :		
	Owners of the Company		2,125.77
	Non-Controlling Interest		1.28
			2,127.05
	Earning per Share : [nominal value per share ₹ 2/-]	45	
	(1) Basic ₹		32.58
	(2) Diluted ₹		32.50
Notes forming part of the Financial Statements		1- 63	

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No. 108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Consolidated Statement of Changes in Equity

For the year ended 31st March 2025
CIN : L29120PN1974PLC110307

A : Equity Share Capital :

₹ in Million

Financial Year	Balance at the beginning of the period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in Equity Share Capital during the year (Net)	Balance at the end of the period
2024-25	129.55	-	N.A.	0.24	129.79

B : Other Equity :

(1) Current Reporting Period

₹ in Million

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings	Share Based Payment		
Balance as on 1st April 2024	**166.99**	**6,750.00**	**651.00**	**44.36**	**1,504.45**	**9,116.80**
Profit for the year	-	-	2,111.87	-	-	2,111.87
Other Comprehensive Income for the year - Fair Valuation Net of Tax	-	-	-	-	28.90	28.90
Other Comprehensive Income for the year - Actuarial Gain/(Loss) - Net of Tax	-	-	(15.01)	-	-	(15.01)
Dividend Paid	-	-	(259.24)	-	-	(259.24)
Interim Dividend	-	-	(227.07)	-	-	(227.07)
Transfer from Share Based Payment Reserve on account of Lapsed of ESOS	-	-	2.86	(2.86)	-	-
Transfer from Share Based Payment	18.78	-	-	(18.78)	-	-
For the Year	28.33	-	-	48.05	-	76.38
Transfer from retained earnings	-	1,000.00	(1,000.00)	-	-	-
Balance as on 31st March 2025	**214.10**	**7,750.00**	**1,264.41**	**70.77**	**1,533.35**	**10,832.63**

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No. 108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Consolidated Cash Flow Statement

For the year ended 31st March 2025
CIN : L29120PN1974PLC110307

₹ in Million

Particulars	2024-25
A) Cash Flow From Operating Activities	
Profit Before Tax	**2,808.34**
Adjustments for :	
Depreciation and amortisation expense	291.38
Exceptional items	38.49
Interest income	(36.98)
Unwinding of Interest on Security Deposits	(0.97)
Amortisation of prepaid rent	-
Share Based Payment	48.05
Dividend income	(24.45)
Foreign Exchange Gain, Net	(4.23)
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit or Loss	(146.52)
Loss/(gain) on Sale of Investments	(9.40)
Loss/(gain) on disposal of property, plant and equipment	2.34
Provisions no longer required written back	(0.15)
Finance costs	3.53
Bad Debts	61.42
Operating profit before working capital adjustments	**3,030.85**
Working capital adjustments	
(Increase)/decrease in trade receivables	(1,097.86)
(Increase)/decrease in inventories	11.74
(Increase)/decrease in other financial assets	431.81
(Increase)/decrease in other Current / Non Current assets	(153.32)
Increase/(decrease) in trade payables	87.54
Increase/(decrease) in financial liabilities	29.71
Increase/(decrease) in other Current / Non Current liabilities	434.33
Increase/(decrease) in provisions	28.93
Cash generated from operations	**2,803.73**
Income taxes paid	(653.72)
Net cash inflow from operating activities	**2,150.01**
B) Cash flow from investing activities	
Payments for property, plant and equipment, intangible assets	(779.39)
Proceeds from sale of property, plant and equipment, intangible assets	2.19
Sale / Redemption of Investments	115.47
Purchase of Investments	(944.95)
Interest income	28.19
Dividend income	24.45
Net cash outflow from investing activities	**(1,554.04)**
C) Cash flow from financing activities	
Proceeds from issuance of share capital (includes securities premium)	28.58
Proceeds from borrowings	0.73
Finance costs	2.88
Lease Payments	(3.70)
Dividends paid	(485.96)
Net cash outflow from financing activities	**(457.47)**
Net increase/(decrease) in cash and cash equivalents	**138.50**
Cash and cash equivalents at beginning of the financial year	**496.09**
Effect of exchange rate changes on cash and cash equivalents	**(2.20)**
Cash and cash equivalents at end of the financial year (before exchange changes)	**636.79**
(Refer Note No. 10)	
The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows	

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

Anand Jog
Partner
Membership No. 108177
Pune, April 24 , 2025

For and on behalf of The Board of Directors

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 24 , 2025

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 1 : Property, Plant and Equipment :

₹ in Million

Particulars	PROPERTY, PLANT AND EQUIPMENT										
	Free Hold Land	Buildings	Plant & Machinery	Electrical Installlation	Office Equipments	Furniture & Fixture	Vehicle	Assets Under Operating Lease Compression Facility	Right of Use Asset	Total	Capital Work In Progress
Gross Carrying Amount As at 01/04/2024	**637.19**	**869.34**	**1,636.14**	**173.88**	**38.29**	**46.00**	**80.77**	**463.09**	**29.25**	**3,973.95**	**317.58**
Additions	24.82	545.46	204.18	16.23	18.36	26.06	22.54	-	4.74	862.39	736.68
Deductions	-	52.88	48.06	4.10	13.78	18.65	7.89	-	0.65	146.01	857.55
Adjustments	181.77	(13.59)	-	-	-	-	-	-	-	168.18	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Gross Carrying Amount As at 31/03/2025	**843.78**	**1,348.33**	**1,792.26**	**186.01**	**42.87**	**53.41**	**95.42**	**463.09**	**33.34**	**4,858.51**	**196.71**
Accumulated Depreciation As at 01/04/2024	**-**	**190.83**	**799.97**	**55.28**	**24.96**	**14.98**	**37.56**	**430.75**	**17.51**	**1,571.84**	**-**
Depreciation for the year	-	31.58	166.81	15.62	5.28	5.34	14.45	32.33	4.56	275.97	-
Deductions and Adjustments	-	16.90	46.29	4.06	13.40	17.24	6.89	-	-	104.78	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation up to 31/03/2025	**-**	**205.51**	**920.49**	**66.84**	**16.84**	**3.08**	**45.12**	**463.08**	**22.07**	**1,743.03**	**-**
Net Carrying Amount As at 31/03/2025	**843.78**	**1,142.82**	**871.77**	**119.17**	**26.03**	**50.33**	**50.30**	**0.01**	**11.27**	**3,115.48**	**196.71**

Title deeds of Immovable Properties are held in name of the Company. For charge on Property, Plant and Equipment - see Note 56.

"The Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 and no proceeding has been initiated or is pending against the company for holding any benami property".

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 1A : Capital-Work-in Progress (CWIP) :

i) CWIP aging schedule :

₹ in Million

CWIP	AS AT 31st MARCH 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	196.71	-	-	-	196.71
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-
Projects exceeded cost and time estimate	N.A.	N.A.	N.A.	N.A.	-

NOTE 2 : Other Intangible Assets :

₹ in Million

Particulars	OTHER INTANGIBLE ASSETS			
	Softwares	Technical Know How	Total	Intangible Assets Under Development
Gross Carrying Amount As at 01/04/2024	**50.77**	**183.78**	**234.55**	**31.23**
Additions	9.07	13.05	22.12	7.07
Deductions and adjustments	-	-	-	22.12
Gross Carrying Amount As at 31/03/2025	**59.84**	**196.83**	**256.67**	**16.18**
Accumulated Amortisation As at 01/04/2024	**45.50**	**149.75**	**195.25**	**-**
Amortisation for the year	10.43	12.97	23.40	-
Deductions and Adjustments	-	-	-	-
Accumulated Amortisation up to 31/03/2025	**55.93**	**162.72**	**218.65**	**-**
Net Carrying Amount As at 31/03/2025	**3.91**	**34.11**	**38.02**	**16.18**

The remaining amortisation period for Technical Know How of Compressor Technology is 23 months.

The Subsidiary Company does not have any Intangible assets.

NOTE 2A : Intangible assets under development :

i) Intangible assets under development aging schedule :

₹ in Million

Intangible assets under development	AS AT 31st MARCH 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8.07	8.11	-	-	16.18
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

Expected capitalisation of ₹ 16.18 Million in next one year.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 3 : Investments (Non Current) :

Particulars	Face Value ₹	As at 31st March, 2025	
		Qty Nos.	₹ in Million
At Fair Value through Profit or Loss (FVTPL)			
In Debentures and Bonds :			
Quoted :			
12.5% Secured Redeemable Partly Convertible Debentures of ₹100/- each of The Mysore Kirloskar Ltd. Balance non-convertible portion of ₹44/- per Debenture - matured on 01.06.1998 awaiting realisation	100	25,000	0.00*
Total Fair Value through Profit or Loss (FVTPL)			**0.00**
At Fair Value through Other Comprehensive Income (FVTOCI)			
Equity Shares :			
Unquoted :			
Fully Paid Shares			
Kirloskar Proprietory Ltd.	100	1	0.08
S L Kirloskar CSR Foundation	10	9,800	0.10
Kirloskar Management Services Pvt. Ltd.	10	4,87,500	9.26
Singapore $ 1 each in Kirsons Trading Pte. Ltd. - a Foreign Body Corporate.	-	56,250	1.12
The Nasik Merchants' Co-operative Bank Ltd.	100	1	0.00*
Kirloskar Chillers Pvt.Ltd.	10	2,25,000	579.37
Quoted :			
The Mysore Kirloskar Ltd.	10	1,00,000	0.00*
Kirloskar Industries Ltd.	10	200	0.62
Kirloskar Investment and Finance Ltd.	10	3,75,000	0.00*
ICICI Bank Limited	2	55,324	74.60
Kirloskar Ferrous Industries Ltd.	5	20,00,000	940.30
HDFC Bank Ltd.	1	83,943	153.46
Punjab National Bank	2	7,000	0.67
Total Fair Value through Other Comprehensive Income (FVTOCI)			**1,759.58**
* Value less than ₹Ten Thousand			
Aggregate Cost of acquisition of Quoted Investments			27.78
Aggregate Market Value of Quoted Investments			1,169.65
Aggregate Cost of acquisition of Un-Quoted Investments			8.34
Aggregate Fair Value of Un-Quoted Investments			589.93
Aggregate Amount of Impairment in the Value of Investments			7.40

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 3 : Investments (Current) :

Particulars	Face Value ₹	As at 31st March, 2025	
		Qty Nos.	₹ in Million
At Fair Value through Profit or Loss (FVTPL)			
Quoted :			
HDFC Liquid Fund Direct Plan Growth		65,546.018	333.86
SBI Liquid Fund Direct Plan Growth		85,422.421	346.47
ICICI Prudential Liquid Fund Direct Plan Growth		6,53,322.155	250.81
Kotak Liquid Fund Direct Plan Growth		65,192.626	341.57
UTI Liquid Cash Plan Direct Plan Growth		27,481.456	116.83
ICICI Prudential Money Market Fund Direct Plan Growth		6,19,558.073	233.37
Nippon India Liquid Fund Direct Plan Growth		17,966.994	114.03
Invesco India Liquid Fund Direct Plan Growth		16,010.078	56.99
HSBC Liquid Fund Direct Growth		47,844.040	123.64
Axis Liquid Fund Direct Growth		47,189.052	136.07
DSP Liquidity Fund Direct Plan Growth		47,121.479	174.74
Aditya Birla Sunlife Liquid Fund Growth Direct Plan		4,94,402.834	207.02
Nippon India Money Market Fund Direct Growth Plan Growth		36,408.329	150.07
Mirae Assets Money Market Fund Direct Plan Growth		79,873.206	100.05
Total			**2,685.52**
Aggregate Cost of acquisition of Quoted Investments			2,389.89
Aggregate Market Value of Quoted Investments			2,685.52
Aggregate Cost of acquisition of Un-Quoted Investments			-
Aggregate Amount of Impairment in the Value of Investments			-

NOTE 4 : Trade Receivables :

₹ in Million

Particulars	As at 31st March, 2025
Unsecured Considered Good (Refer Note 35 (2a))	4,827.13
Total	**4,827.13**
Non Current	23.00
Current	4,804.13
There is no significant increase in credit risk identified in Current and Non-Current Receivables	
Debts due from Private Companies in which Director is a Director or a Member	0.74
For charge on Trade Receivables - see Note 56	
For Related party receivables, refer Note No. 32(b)	

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 5 : Other Financial Assets :

₹ in Million

Particulars	As at 31st March, 2025
Unsecured Considered Good	
Security Deposits (Non Current)	69.44
Security Deposits (Current)	5.38
Fixed Deposits with Banks (Current) (Original maturity is more than 12 months)	180.00
Fixed Deposits with Banks (Non Current)	20.65
Contract Assets (Current)	110.40
Other Assets	11.29
Total	**397.16**
Non Current	90.09
Current	307.07
Non Current Includes amount due from Related party	18.13

NOTE 6 : Deferred Tax Assets / (Liability) :

₹ in Million

Particulars	As at 31st March, 2025
Deferred Tax Assets	82.09
Deferred Tax Liabilities	263.66
(Refer Note no. 47)	
Total	**(181.57)**

NOTE 7 : Other Assets :

₹ in Million

Particulars	As at 31st March, 2025
Unsecured Considered Good	
Advances to Supplier of Capital Goods (Current)	35.47
Other Assets (Non Current)	2.60
Prepaid Expenses (Current)	49.56
GST Balances (Current)	72.69
Other Assets (Current)	392.95
Total	**553.27**
Non Current	2.60
Current	550.67
Other Non Current Assets includes amount due from Related party	-
Other Current Assets includes amount due from Related party	-

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 8 : Assets Classified as Held for Sale :

₹ in Million

Particulars	As at 31st March, 2025
Assets held for Sale	59.00
	59.00
(Refer Note no. 53)	

NOTE 9 : Inventories :

₹ in Million

Particulars	As at 31st March, 2025
Raw Materials	1,425.57
[Includes ₹ Nil (Previous year ₹ Nil) in transit]	
Work-in-progress	410.97
Finished Goods, at cost or net realisable value whichever is lower	220.16
Traded Goods	77.09
Stores & Spares	20.15
Total	**2,153.94**
For charge on Inventories - see Note 14 & 56	

Provision for write down of inventories amounting to ₹ 29.18 Million (Previous Year ₹ 41.34 Million) were recognised as an expense during the year.

NOTE 10 : Cash and Cash Equivalents :

₹ in Million

Particulars	As at 31st March, 2025
a) CASH AND CASH EQUIVALENTS :	
Cash on hand	0.10
Balances with Banks :	
In Current Accounts	634.49
	634.59
b) OTHER BANK BALANCES :	
Earmarked Balances with Banks	
For Unclaimed Dividend	33.38
For Fractional Entitlement	2.28
	35.66

NOTE 11 : Current Tax Asset / (Liability) - Net :

₹ in Million

Particulars	As at 31st March, 2025
Advance Tax Paid	569.49
Less : Provision for Tax	610.00
Total	**(40.51)**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 12 : Equity Share Capital :

₹ in Million

Particulars	As at 31st March, 2025
AUTHORISED :	
Opening Balance :	
187.50 Million Equity Shares of ₹ 2/- each	375.00
Changes during the Year	-
Closing Balance :	**375.00**
ISSUED AND SUBSCRIBED :	
Opening Balance :	
64.773 Million (Previous year 64.634 Million) Equity Shares of ₹ 2/- each	129.55
Issued during the year	
0.124 Million (Previous year 0.138 Million) Equity Shares of ₹ 2/- each	0.24
Closing Balance :	
64.897 Million Equity Shares of ₹ 2/- each	**129.79**
PAID UP :	
Opening Balance :	
64.773 Million (Previous year 64.634 Million) Equity Shares of ₹ 2/- each	129.55
Addition during the year	
0.124 Million (Previous year 0.138 Million) Equity Shares of ₹ 2/- each	0.24
Closing Balance :	
64.897 Million Equity Shares of ₹ 2/- each	**129.79**

"The Company has not applied for any scheme of arrangement during the year nor any such scheme is pending for approval with the competent Authority in terms of sections 230 to 237 of the companies Act, 2013."

Number of Equity Shares reserved for issue under employee stock option plan : 314,800.

Rights attached to Equity Shares :

The Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

₹ in Million

Shareholder holding more than 5%	As at 31st March, 2025 Nos. Face Value of ₹ 2/-
a) Mr. Rahul C. Kirloskar	7.49 11.551%
b) Mr. Atul C. Kirloskar	6.11 9.411%
c) Kirloskar Industries Ltd.	6.42 9.897%
d) Nippon Life India Trustee Limited	4.10 6.321%
e) Tata Mutual Fund	4.38 6.757%

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 12 : Equity Share Capital : (Contd.)

Shareholding of Promoter & Promoter group :

Sr. No	Promoter Name	Shares held by promoters at the end of the year		Shares held by promoters at the beginning of the year		% Change during the year (with respect to number of shares at the beginning of the year)	% Change during the year (with respect to number of shares at the end of the year) *
		No of Shares	% of total shares	No of Shares	% of total shares		
1	Rahul Chandrakant Kirloskar	74,96,150	11.551	74,96,150	11.573	(0.000)	(0.022)
2	Atul Chandrakant Kirloskar	61,07,523	9.411	61,07,523	9.429	0.000	(0.018)
3	Sanjay Chandrakant Kirloskar	3,155	0.005	3,155	0.005	(0.000)	(0.000)
4	Aditi Atul Kirloskar	20,68,765	3.188	20,68,765	3.194	(0.000)	(0.006)
5	Alpana Rahul Kirloskar	19,84,555	3.058	19,84,555	3.064	(0.000)	(0.006)
6	Gauri Atul Kirloskar	6,89,753	1.063	6,89,753	1.065	(0.000)	(0.002)
7	Arti Atul Kirloskar	3,31,134	0.510	3,31,134	0.511	0.000	(0.001)
8	Alika Rahul Kirloskar	60,760	0.094	60,760	0.094	(0.000)	(0.000)
9	Aman Rahul Kirloskar	200	0.000	-	-	0.000	0.000
10	Roopa Gupta	6,080	0.009	6,080	0.009	0.000	0.000
11	Suman Chandrakant Kirloskar	4,035	0.006	4,035	0.006	0.000	0.000
12	Alok Kirloskar	2,725	0.004	2,725	0.004	0.000	0.000
13	Pratima Sanjay Kirloskar	660	0.001	660	0.001	0.000	0.000
14	Rama Sanjay Kirloskar	625	0.001	625	0.001	(0.000)	(0.000)
15	Kirloskar Industries Ltd	64,22,990	9.897	64,22,990	9.916	0.000	(0.019)
16	Alpak Investments Private Ltd	16,508	0.025	16,508	0.025	0.000	0.000
17	Navsai Investments Private Ltd	16,507	0.025	16,507	0.025	0.000	0.000
18	Kirloskar Systems Private Ltd	2,010	0.003	-	-	0.003	0.003
	Total	**2,52,14,135**	**38.851**	**2,52,11,925**	**38.922**	**0.005**	**(0.070)**

* The Company has allotted 124,300 equity shares of ₹ 2 each fully paid to its eligible employees under the ESOS schemes.

As a result % share holding of the Promoter and Promoter group has undergone a change with respect to number of shares at the beginning and end of the year.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 13 : Other Equity :

₹ in Million

Particulars	As at 31st March, 2025
Securities Premium (Share Premium) Account:	
As per last Account	166.99
Add : During the year	28.33
Add : Transferred from Share Based Payment Reserve	18.78
Closing Balance	**214.10**
General Reserve :	
Opening Balance / As per last Account	6,750.00
Add: Set aside this year	1,000.00
Closing Balance	**7,750.00**
Share Based Payment Reserve :	
Opening Balance / As per last Account	44.36
Add : During the year	48.05
Less : Transferred to Share Premium	18.78
Less : Transfer to Retained Earnings on account of Lapsed ESOS	2.86
Closing Balance	**70.77**
Retained Earnings :	
Opening Balance / As per last Account	651.00
Add : Transferred from Statement of Profit and Loss	2,111.87
Add : Transferred from Other Comprehensive Income - Net of Tax	(15.01)
Add : Transfer from Share Based Payment Reserve on account of Lapsed ESOS	2.86
	2,750.72
Less :	
Transfer to General Reserve	1,000.00
Dividend Paid	259.24
Interim Dividend	227.07
	1,486.31
Closing Balance	**1,264.41**
Equity Instruments Through Other Comprehensive Income	
Opening Balance / As per last Account	1,504.45
Add / (Less) FVTOCI Equity Investments - Change in Fair Value	28.90
Closing Balance	**1,533.35**
Total	**10,832.63**

1. Securities Premium is a premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

2. General Reserve is created by setting aside amount from the Retained Earnings and is freely available for distribution.

3. FVTOCI Equity Investments - The Company has elected to recognise changes in the fair value of certain investments in equity in Other Comprehensive Income. These changes are accumulated in Equity Instruments Through Other Comprehensive Income Reserve within equity. The Company transfers amounts from this reserve to Retained Earnings when the relevant equity investments are derecognised.

4. Share Based Payment Reserve is a result of recogination of cost included in Employee Related Expenses relating to Employee Stock Option Scheme 2019 introduced by the Company. (Refer Note No. 28)

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 14 : Borrowings :

₹ in Million

Particulars	As at 31st March, 2025
Borrowings - Unsecured	
From Bank and NBFC	0.98
Current Maturities of Long terms borrowings	3.67
Borrowings - Other Secured	92.62
(Refer Note No. 37 for Net Debt position)	
Total	**97.27**
Non Current	0.98
Current	96.29

a. The entire borrowings are by Subsidiary Company

b. Nature and terms of repayment for borrowings

Sr. No.	Particulars	Terms of Repayment	Security
1	Cash Credit from ICICI Bank I. Amount Sanctioned ₹ 100 Million II. Interest Rate 9.50%	On Demand	Stock, Book Debt
2	Cash Credit from SBI Bank I. Amount Sanctioned ₹ 80 Million II. Interest Rate 10.15%	On Demand	Stock, Book Debt, Hypothecation of Plant and Machinery
3	Udyam loan from Ambit Finvest Pvt Ltd I. Loan Availed ₹ 3.5 Million II. Interest Rate 16%	24 monthly installments starting from 5th Apr 2024	NA
4	Business loan from Deustch Bank I. Loan Availed ₹ 5 Million II. Interest Rate 15%	36 monthly installments starting from 5th Oct 2023	NA

NOTE 15 : Trade Payables :

₹ in Million

Particulars	As at 31st March, 2025
Total Outstanding due to Micro and small enterprises	319.01
Total Outstanding dues of Creditors other than Micro and small enterprises	1,840.35
(Refer Note 35 (2d)	
Total	**2,159.36**

There are no disputed dues payable to creditors

NOTE 16 : Other Financial Liabilities :

₹ in Million

Particulars	As at 31st March, 2025
Deposit Received (Non Current)	0.45
Unpaid Dividends (Current)	33.38
Fractional Entitlement (Current)	2.28
Interest Accrued (Current)	26.99
Employee Related Liabilities (Current)	164.08
Other Trade Liabilities (Current)	306.75
Other Liabilities (Current)	313.44
Total	**847.37**
Non Current	0.45
Current	846.92

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 17 : Provisions :

₹ in Million

Particulars	As at 31st March, 2025
Provision for Employee Benefits	
Provision for Leave Encashment (Non Current)	101.49
Provision for Leave Encashment (Current)	41.28
Provision for Gratuity (Current)	16.47
Other Provisions	
Provision for Warranty (Current)	49.11
Total	**208.35**
Non Current	101.49
Current	106.86

During the year the company made a provision for warranty of ₹ 11.15 Million (Previous year ₹ 2.44 Million), Net off utilisation of ₹ 63.36 Million (Previous year ₹ 69.91 Million).

NOTE 18 : Other Liabilities :

₹ in Million

Particulars	As at 31st March, 2025
Advance from Customer (Current)	1,549.38
Other Liabilities (Current)	290.47
Total	**1,839.85**
Non Current	-
Current	1,839.85
Movement in advance from customer	
Opening Balance	1,253.89
Received during the year	4,428.27
Adjusted against receivables during the year	4,132.78
Closing Balance	1,549.38

During the year the company has recongnized revenue of ₹ 1,095.35 Million from opening advance.

NOTE 19 : Revenue from Operations :

₹ in Million

Particulars	2024-25
Revenue from Contracts with Customers	
Sale of Products	14,025.38
Sale of Services	2,045.83
Lease Income	208.70
	16,279.91
Other Operating Revenue	
Insurance Claim Received	0.87
Miscellaneous Receipts	69.22
Foreign Exchange Gain, Net	4.23
Bad Debts / Liquidated Damages Recovered	47.46
	121.78
Total	**16,401.69**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 20 : Other Income :

₹ in Million

Particulars	2024-25
Dividend Income from Equity Investments designated at Fair Value through Other Comprehensive Income	24.45
Interest Received	37.00
Unwinding of Interest on Security Deposits	0.95
Miscellaneous Receipts	3.19
Surplus on Sale of Assets	0.96
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit and Loss	146.52
Gain on Sale of Investments	9.40
Total	**222.47**

NOTE 21 : Cost of Materials Consumed :

₹ in Million

Particulars	2024-25
Raw Materials (including components) consumed :	
Stocks at commencement	1,607.66
Add : Purchases	8,139.23
	9,746.89
Less : Stocks at close	1,425.57
Total	**8,321.32**

NOTE 22 : Purchase of traded Goods :

₹ in Million

Particulars	2024-25
Purchase of Traded Goods	489.59
Total	**489.59**

NOTE 23 : Changes in Inventories :

₹ in Million

Particulars	2024-25
(Increase) / Decrease in Stocks :	
Closing Inventories	
Finished Goods	220.16
Work-in-Progress	410.97
Traded Goods	77.09
	708.22
Opening Inventories	
Finished Goods	179.15
Work-in-Progress	289.84
Traded Goods	76.92
	545.91
Total	**(162.31)**

NOTE 24 : Employee Benefits Expenses :

₹ in Million

Particulars	2024-25
Salaries, Wages, Bonus, etc.	1,453.43
Incentive	57.55
Share Based Payment	48.05
Contribution to Provident and Other Funds, etc.	108.93
Welfare Expenses	121.07
Total	**1,789.03**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 25 : Finance Costs :

₹ in Million

Particulars	2024-25
Interest	
On Borrowings	2.61
Other than on Borrowings	0.07
On Lease	0.85
Total	**3.53**

NOTE 26 : Depreciation and Amortisation Expense :

₹ in Million

Particulars	2024-25
Depreciation on tangible assets	267.98
Amortisation of intangible assets	23.40
Total	**291.38**

NOTE 27 : Other Expenses :

₹ in Million

Particulars	2024-25
Stores and Spares Consumed	179.11
Manufacturing Expenses (includes Cost of Services)	1,523.90
Power, Fuel and Water	211.76
Building Repairs	35.95
Machinery Repairs	71.55
Sundry Repairs	28.04
Rent	16.09
Rates and Taxes	12.27
Insurance	12.90
Commission on Sales	36.53
Royalty	67.72
Travelling Expenses	132.08
Postage, Telephones, Telex Expenses	22.39
Bank Charges	21.48
Freight Outward, Net	154.25
Vehicle Expenses	24.40
Printing and Stationery	9.20
Legal and Professional Charges	87.17
Advertisement and Publicity Expenses	26.45
Auditors' Remuneration	3.70
Directors' Fees and Travelling Expenses	21.30
Software Expenses	103.12
Loss on Assets Sold	3.30
Bad Debts	61.42
CSR Expenditure	28.01
Miscellaneous Expenses	150.71
Total	**3,044.79**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 28 : Employee Benefits :

i Defined Contribution Plans :

Amount of ₹ 80.29 Million is recognised as an expense and included in "Employees benefits expense" in Note 24 in the statement of Profit and Loss.

ii Defined Benefit Plans - Gratuity :

The Group operates gratuity plan wherein every employee is entitled to the benefit as per the scheme of the Group, for each completed year of service. The gratuity is payable on termination of service or retirement, whichever is earlier at the rate of 15 days salary for every completed year of service where service is less than 15 years. In case of Parent Company at one month salary for every completed year of service when the service of an employee exceeds 15 years subject to maximum of 25 to 28 months salary depending upon category of the employee ensuring in any case that the benefit provided is not less than stipulated by The Payment of Gratuity Act, 1972. In case of Subsidiary Company the maximum gratuity is ₹ 20 Lakhs.The benefit vests only after five years of continuous service.

a) The amounts recognised in balance sheet are as follows:

₹ in Million

Particulars	31st March, 2025 Gratuity Plan (Funded)
A. Amount to be recognised in balance sheet	
Present value of defined benefit obligation	390.30
Less: Fair value of plan assets	373.83
Amount to be recognised as liability or (asset)	**16.47**
B. Amounts reflected in the balance sheet	
Liabilities	-
Assets	(16.47)
Net liability/(assets)	**16.47**

b) The amounts recognised in the statement of profit and loss are as follows:

₹ in Million

Particulars	31st March, 2025 Gratuity Plan (Funded)
Employee benefit expenses	
Current service cost	31.74
Past service cost	-
Finance cost	
Net interest (income)/expenses	(2.26)
Net periodic benefit cost recognised in the statement of profit and loss	**29.48**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 28 : Employee Benefits (Contd..)

c) The amounts recognised in the statement of Other Comprehensive Income (OCI) :

₹ in Million

	Particulars	31st March, 2025 Gratuity Plan (Funded)
1	Opening amount recognised in OCI outside profit and loss account	23.63
2	Remeasurements for the year - obligation (gain)/loss	21.37
3	Remeasurements for the year - plan assets (gain) / loss	(1.75)
4	Total remeasurements cost / (credit) for the year recognised in OCI	**19.62**
5	Less: Accumulated balances transferred to retained earnings	19.62
	Closing balances (remeasurements (gain)/loss recognised OCI)	**43.25**

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

₹ in Million

	Particulars	31st March, 2025 Gratuity Plan (Funded)
1	Present value of obligation as at the beginning of the period	345.14
2	Acquisition adjustment	-
3	Transfer in / (out)	-
4	Interest expenses	23.15
5	Past service cost	-
6	Current service cost	31.74
7	Curtailment cost / (credit)	-
8	Settlement cost / (credit)	-
9	Benefits paid	(31.10)
10	Remeasurements on obligation - (gain) / loss	21.37
	Present value of obligation as at the end of the period	**390.30**

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

₹ in Million

	Particulars	31st March, 2025 Gratuity Plan (Funded)
1	Fair value of the plan assets as at beginning of the period	367.79
2	Acquisition adjustment	-
3	Transfer in / (out)	-
4	Interest income	25.41
5	Contributions	10.33
6	Mortality Charges and Taxes	(0.35)
7	Benefits paid	(31.10)
8	Amount paid on settlement	-
9	Return on plan assets, excluding amount recognized in Interest Income - gain / (loss)	1.75
10	**Fair value of plan assets as at the end of the period**	**373.83**
11	Actual return on plan assets	27.16

100% of total plan assets are managed by the insurer - Life Insurance Corporation of India.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 28 : Employee Benefits (Contd..)

f) Net interest (income) /expenses:

₹ in Million

Particulars	31st March, 2025 Gratuity Plan (Funded)
1 Interest (income) / expense – obligation	23.15
2 Interest (income) / expense – plan assets	(25.41)
3 **Net interest (income) / expense for the year**	**(2.26)**

Basis used to determine the overall expected return:

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. As such expected return of 7.20% has been used for the valuation purpose.

g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Gratuity:	31st March, 2025
Discount rate	6.7% - 6.8%
Expected return on plan assets	7.20%
Salary growth rate*	6% - 9.5%
Attrition rate	3% - 9%
Expected average remaining working lives	8.54 - 10.25
Mortality table	IALM(2012-14) ult

*The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.

h) General descriptions of defined benefit plans

i) The Company expects to fund approximately ₹ 18.8 Million towards its gratuity plan in the year 2025-26.

j) Sensitivity analysis :

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

₹ in Million

Change in assumptions	31st March, 2025 PVO of Gratuity
1 Discount rate	
Increase by 1%	369.80
Decrease by 1%	412.94
2 Salary increase rate	
Increase by 1%	408.68
Decrease by 1%	373.20
3 Withdrawal rate	
Increase by 1%	386.07
Decrease by 1%	394.66

k) Expected Future Benefit Payments :

₹ in Million

	31st March, 2025 PVO of Gratuity
Within the next 12 months	65.03
Between 2 & 5 years	164.59
Above 5 years	243.82

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 28 : Employee Benefits (Contd..)

l) Average Duration:

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 8.53 - 15.77 years

m) Risk Exposure And Asset Liability Matching:

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risk

a) Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation And Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risk

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.

LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and inflation risk are taken care of.

iii Defined Benefit Plan - Compensated Absences:

The company has valued the compensated absences, as specified in Ind AS 19 on actuarial basis. Under the scheme an employee is entitled to maximum of 30 days leave in a year depending upon number of days he works during that year. An employee can accumulate not exceeding 10 days of leave in a year subject to a maximum of 120 days during his tenure. The benefit is payable on termination of service, retirement or death whichever is earlier. The benefit equates to the salary in respect of balance of leave. There is no requirement for funding this liability and as such entire liability continues to remain unfunded.

a) The amounts recognised in balance sheet are as follows:

₹ in Million

Particulars	31st March, 2025
A. Amount to be recognised in balance sheet	
Present value of defined benefit obligation	142.77
Less: Fair value of plan assets	-
Amount to be recognised as liability or (asset)	**142.77**
B. Amounts reflected in the balance sheet	
Current Liabilities	41.28
Non Current Liabilities	101.49
Total Liability	**142.77**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 28 : Employee Benefits (Contd..)

b) The amounts recognised in the statement of profit and loss are as follows :

₹ in Million

Particulars	31st March, 2025
Employee benefit expenses	
Current service cost	17.53
Finance cost	
Net interest (income)/expenses	7.59
Remeasurements for the year - obligation (gain)/loss	11.44
Net cost recognised in the statement of profit and loss	**36.56**

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

₹ in Million

	Particulars	31st March, 2025
1	Present value of obligation as at the beginning of the period	117.29
2	Acquisition adjustment	-
3	Transfer in/ (out)	-
4	Interest expenses	7.59
5	Past service cost	-
6	Current service cost	17.53
7	Curtailment cost / (credit)	-
8	Settlement cost/ (credit)	-
9	Benefits paid	(11.08)
10	Remeasurements on obligation - (gain) / loss	11.44
	Present value of obligation as at the end of the period	**142.77**

d) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) :

Defined Benefit Plan - Compensated Absences:	31st March, 2025
Discount rate	6.7% - 6.8%
Expected average remaining working lives	8.44 - 13.69%
Salary growth rate*	6% - 9.5%
Attrition rate	3% - 9%
Mortality table	IALM(2012-14) ult

*The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.

e) Sensitivity analysis :

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

₹ in Million

	Change in assumptions	31st March, 2025 PVO of Compensated Absences
1	**Discount rate**	
	Increase by 1%	137.86
	Decrease by 1%	148.06
2	**Salary increase rate**	
	Increase by 1%	146.58
	Decrease by 1%	139.15
3	**Availment rate**	
	Increase by 1%	146.09
	Decrease by 1%	139.08

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 28 : Employee Benefits (Contd..)

f) Expected Future Benefit Payments :

₹ in Million

	31st March, 2025
Within the next 12 months	12.52
Between 2 & 5 years	35.73
Above 5 years	42.52

g) Average Duration :

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and availment rate) is 6.21 - 6.87 years

h) Risk Exposure And Asset Liability Matching :

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risk

a) Asset-Liability Mismatch Risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation And Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded Plan Risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 29 : Employee Stock Options Scheme - Ind AS 102 :

The Parent Company, during the year 2019-20, introduced Employee Stock Options (ESOS) to its employees. This Scheme is referred as the "KPCL Employee Stock Option Scheme" ("KPCL ESOS - 2019" or "Scheme").

The objective of the KPCL ESOS - 2019 is to reward the Employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to retain talent in the organisation. The Company views Employee Stock Options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

The Shareholders by way of special resolution dated July 20, 2019 authorized the Nomination and Remuneration Committee of the Board of Directors (NRC) to grant ESOS to the employees of the Company. NRC in its meeting held on October 22, 2019, April 29, 2021, October 19, 2022, October 19, 2023 and July 20, 2024 granted 684,000 (Six lakhs eighty four thousand only), 104,000 (One lakhs four thousand only), and 164,000 (One lakhs sixty four thousand only), 114,000 (One lakhs fourteen thousand only) and 94,000 (Ninety four thousan only) Options respectively to the Employees under the KPCL ESOS - 2019 exercisable in one or more tranches, with each such Option conferring a right upon the employee to apply for one equity share of the Company of face value of ₹ 2 (Indian Rupees two) each fully paid-up, in accordance with the terms and conditions of the Scheme.

Particulars	Grant date October 22, 2019		Grant date April 29, 2021		Grant date October 19, 2022	
	Vesting Date	Option Vested	Vesting Date	Option Vested	Vesting Date	Option Vested
Vesting 1	Oct. 22, 2020	1,96,500	Apr. 28, 2022	43,000	Oct. 19, 2023	47,000
Vesting 2	Oct. 22, 2021	1,38,000	Apr. 26, 2023	41,500	Oct. 19, 2024	31,500
Vesting 3	Oct. 19, 2022	1,38,500	Apr. 29, 2024	2,000	-	-
Vesting 4	Oct. 19, 2023	1,02,500	-	-	-	-

Particulars	Grant date October 19, 2023		Grant date July 20, 2024	
	Vesting Date	Option Vested	Vesting Date	Option Vested
Vesting 1	Oct. 19, 2024	24,000	-	-
Vesting 2	-	-	-	-
Vesting 3	-	-	-	-
Vesting 4	-	-	-	-

Options granted on July 20, 2024 are not yet eligible for vesting as on March 31, 2025.

Number and weighted average exercise prices of options granted, exercised and cancelled / expired during the financial year:

Options granted on October 22, 2019

Particulars	FY - 2024 - 25	
	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,02,100	
Granted during the year	-	
Forfeited / lapsed / surrendered during the year	1,500	
Options vested during the year	-	
Exercised during the year	77,800	120.00
Expired during the year	-	
Options outstanding at the end of year	22,800	
Options exercisable at the end of the year	22,800	
Weighted average remaining contractual life	1.37 Years	

* Weighted average share price on the date of exercise is ₹ 1,228.92

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 29 : Employee Stock Options Scheme - Ind AS 102 (Contd..)

Options granted on April 29, 2021

Particulars	FY - 2024 - 25	
	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	6,800	
Granted during the year	-	
Forfeited / lapsed / surrendered during the year	500	
Options vested during the year	1,500	
Exercised during the year	-	190.00
Expired during the year	-	
Options outstanding at the end of year	6,300	
Options exercisable at the end of the year	4,300	
Weighted average remaining contractual life	1.74 Years	

* Weighted average share price on the date of exercise is ₹ Nil

Options granted on October 19, 2022

Particulars	FY - 2024 - 25	
	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,44,200	
Granted during the year	-	
Forfeited / lapsed / surrendered during the year	6,500	
Options vested during the year	31,500	
Exercised during the year	33,700	400.00
Expired during the year	-	
Options outstanding at the end of year	1,04,000	
Options exercisable at the end of the year	38,000	
Weighted average remaining contractual life	3.36 Years	

* Weighted average share price on the date of exercise is ₹ 1,402.16

Options granted on October 19, 2023

Particulars	FY - 2024 - 25	
	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,14,000	
Granted during the year	-	
Forfeited / lapsed / surrendered during the year	12,000	
Options vested during the year	24,000	
Exercised during the year	12,800	450.00
Expired during the year	1,500	
Options outstanding at the end of year	87,700	
Options exercisable at the end of the year	9,700	
Weighted average remaining contractual life	4.33 Years	

* Weighted average share price on the date of exercise is ₹ 1,571.30

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 29 : Employee Stock Options Scheme - Ind AS 102 (Contd..)

Options granted on July 20, 2024

Particulars	FY - 2024 - 25	
	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	-	
Granted during the year	94,000	
Forfeited / lapsed / surrendered during the year	-	
Options vested during the year	-	
Exercised during the year	-	810.00
Expired during the year	-	
Options outstanding at the end of year	94,000	
Options exercisable at the end of the year	-	
Weighted average remaining contractual life	4.67 Years	

Fair value of the options granted:

The Parent company has recorded employee stock-based compensation expense relating to the options granted to the employees based on fair value of options.

The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Employee-benefit expenses to be recognised in the financial statements:

The Parent Company has recognised an amount of ₹ 48.05 Million as employee compensation cost relating to share-based payment in the Statement of Profit and Loss.

NOTE 30 : Revenue from Operations :

The disaggregation of revenue such as sales of products, sale of services, revenue from composite supply & leasing is given in Note No.18 - Revenue from Operations. Further disaggregation of revenue is given in operating segment in Note No. 31.

Most of the contracts are fixed price contracts and revenue is recognised at point in time. Most of payment terms are between 0 to 180 days. The terms of payment also varies in relation to class of customer with advance payments, milestone payments, customary credit terms with retention payment getting released as agreed in the contract.

The aggregate amount of remaining performance obligations and expected conversion of the same into revenue is ₹ 162.03 Million in next one year.

The Parent Company provides to its customers warranties in the forms of repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 “Provision, Contingent Liabilities and Contingent Assets.”

Reconciliation of the Company's Revenue from Contract with Customers

₹ in Million

Particulars	2024-25
Contract Price	16,724.33
Adjustment for :	
Discounts, rebates, price concessions & incentives	444.42
Revenue from Contract with Customers	**16,279.91**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 31 : Details of Operating Segment - Ind AS 108 :

₹ in Million

Sr. No	Particulars	2024-25 COMPRESSION SYSTEMS	2024-25 OTHER NON REPORTABLE SEGMENTS	2024-25 TOTAL
A.	**Information about Operating Segment**			
	(See Note below)			
1	**Segment Revenue**			
	Sales	15,403.07	998.62	16,401.69
	Less: Inter Segment Revenue	-	-	-
	Net Revenue from Operations	**15,403.07**	**998.62**	**16,401.69**
2	**Result**			
	Segment Result	3,330.18	(518.31)	2,811.87
	(Net of Income)			
	Operating Profit before Interest			2,811.87
	Less: Finance Cost			3.53
	Profit before Tax			**2,808.34**
3	**Other Information**			
	Segment Assets	8,423.64	8,048.60	16,472.24
	Total Assets			**16,472.24**
	Segment Liabilities	4,731.93	651.12	5,383.05
	Total Liabilities			**5,383.05**
4	**Capital Expenditure During the year**	207.59	676.92	884.51
5	**Depreciation and Impairment**	191.49	99.89	291.38
				291.38
B	**Revenue by location**			
1	In India			15,162.68
2	Outside India			1,239.01
	Total			**16,401.69**
All Assets of the Company are located within India				

C Other Disclosures

1 In terms of provisions of Ind-AS 108 - Operating Segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM) who evaluates the Company's performance comprising various business segments. Accordingly, segmental information has been reported under Compression Segment and Other Non-Reportable Segments which includes remaining non-qualifying segments.

The Board of Directors of the Company assess the financial performance and position of the Company and make strategic decisions. The Board of Directors, has identified Executive Committee comprising of Executive Chairman and Managing Director as CODM.

2 Composition of Operating Segment

Name of the Segment :	**Comprises of :**
a) Compression Systems	Air & Gas Compressors, Airconditioning & Refrigeration Compressors and Systems etc.
b) Other non-reportable Segments	Remaining non qualifying segments

3 The Segment Revenue, Results , Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis

4 During the year there is no single customer who has contributed more than 10% of Revenue of the Company in any of the Segments whether in India or outside.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 32 : Disclosure of Transactions with Related Parties as required by the Ind AS -24 :

(A) Names of the related parties

1) Key Management Personnel	Mr. Rahul C. Kirloskar	Executive Chairman
	Mr. K. Srinivasan	Managing Director
2) Relatives of Key Management Personnel	Mrs.Alpana Rahul Kirloskar	Wife
	Ms.Suman C.Kirloskar	Mother
	Mr. Atul C. Kirloskar	Brother
	Ms. Alika Rahul Kirloskar	Daughter
	Mr. Aman Rahul Kirloskar	Son
	Mrs. Malathi Srinivasan	Wife
	Ms. Janaki Krishnaswamy	Mother
	Mr. K Ramji	Brother
	Ms. S Padmini	Sister
3) Entity controlled by a person or his close relatives where that person is either i) key management personnel of the Company or ii) has a control or joint control over the Company or iii) has significant influence over the Company	Alpak Investment Pvt. Ltd.	
	Kirloskar Energen Pvt. Ltd.	
	Kirloskar Solar Technologies Pvt. Ltd.	
	Navsai Opportunities Pvt. Ltd.	
	Kiara Lifespaces Pvt. Ltd.	
	Alotoxl Ventures LLP	
	Rykenthorus Ventures LLP	
	Binaza Consult Pvt. Ltd.	
	Indifour Consult Pvt. Ltd.	
4) Post employment benefit plan of the Company	Kirloskar Pneumatic Company Limited Employees Gratuity Fund	Trust
	Kirloskar Pneumatic Company Limited Officers Superannuation Fund	Trust

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 32 : Disclosure of Transactions with Related Parties as required by the Ind AS -24 (Contd..)

(B) Related Party Transactions

₹ in Million

Nature of Transaction	Year	Key management Personnel		Relatives of Key Management Personnel	Entity controlled by a person or his close relatives	Total
		Promoter Holding more than 10% (Mr. Rahul C. Kirloskar)	Other	Other	Other	
Services Received	2024-25	91.54	35.92	14.39	48.53	190.38
Short Term Employee Benefits	Refer Note No 28					
Post Employment Benefits	Refer Note No 28					
Rent Paid	2024-25	-	-	3.00	-	3.00
Dividend Paid	2024-25	56.22	1.18	61.17	-	118.57
Balance Outstanding						
Receivable	2024-25	-	-	-	-	-
Payable	2024-25	45.00	15.00	5.00	11.41	76.41
Deposit Receivable	2024-25	-	-	20.00	-	20.00

There are no entities or relatives of Key Management Personnel who are promoters holding more than 10% of share holding.

Contribution to

Kirloskar Pneumatic Company Limited Employees Gratuity Fund - ₹ 10.33 Million.

Kirloskar Pneumatic Company Limited Officers Superannuation Fund - ₹ 26.68 Million.

Receiving of services includes Remuneration paid / payable to Key Managerial Personnel as per Note No 33, and to Relatives of Key Managerial Personnel.

There are no loans and advances given in the nature of loans to above mentioned Related Parties.

There are no loans and advances given in the nature of loans to firms/companies in which directors are interested.

Transactions entered into with Related Party's are made on terms equivalent to those that prevail in arms length transactions.

Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash.

The company has provided capital commitment of ₹ Nil to the related parties as at 31 March 2025.

The company has provided guarantee of ₹ Nil to the related parties as at 31 March 2025.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 33 : Managerial Remuneration :

a) Profit and Loss Account includes payments and provisions on account of Remuneration to the Executive Directors of the Parent Company as under :

₹ in Million

Particulars	2024-25		
	Executive Chairman	Managing Director	Total
Salary *	30.00	14.40	44.40
House Rent Allowance *	-	-	-
Commission *	45.00	15.00	60.00
Contribution to Provident Fund, Superannuation and Gratuity : #	10.60	4.58	15.18
Other perquisites *	5.94	1.94	7.88
Gross Remuneration	**91.54**	**35.92**	**127.46**

* Represents Short Term Employee Benefits and wherever applicable, Share Based Payment

\# Represents Post Employment Benefits

Note :

1. As the employee wise breakup of contribution to gratuity fund is not ascertainable, the same has been included on the basis of entitlement in gross remuneration.

2. As the employee wise breakup of liability of leave entitlement, based on actuarial valuation, is not ascertainable, the same has not been included in gross remuneration.

b) Computation of net profit under Section 197 read with Section 198 of the Companies Act, 2013.

₹ in Million

Particulars	2024-25
1 Net Profit as per Profit & Loss Account	**2,806.53**
2 ADD	
Directors Remuneration	140.76
Capital Loss (Exceptional Items)	38.49
Loss on Sale of Assets	3.30
	2,989.08
3 LESS	
Profit on sale of Investments	9.40
Net Gain on Financial Instruments Measured at FVTPL	146.52
Unrealised and Notional Gains on foreign exchange	0.96
	156.88
Net Profit U/S 197	2,832.20
Maximum permissible Remuneration payable to Executive Chairman & Managing Director	283.22
Restricted to	
Executive Chairman	91.54
Executive Directors	35.92
Maximum permissible Commission payable to Non Executive Directors	28.32
Restricted to	13.30

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 34 : Financial Instruments - fair values :

(a) Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities which are stated at fair value/ amortised cost as applicable

₹ in Million

Particulars	Carrying value (Stated at Fair value / Amortised cost) 31st March, 2025
A Financial Assets	
a) Fair value through other comprehensive income (FVTOCI)	
Equity investments	1,759.58
b) Fair value through profit and loss (FVTPL)	
Mutual Fund investments	2,685.52
c) Amortised cost	
Trade receivables	4,827.13
Other financial assets	397.16
Cash and cash equivalents	634.59
Other bank balances	35.66
	10,339.64
B Financial Liabilities	
Amortised cost	
Borrowings	97.27
Lease liabilities	8.76
Trade payables	2,159.36
Other financial liabilities	847.37
	3,112.76

The following methods and assumptions were used to estimate the fair values / amortised cost as applicable:

The fair values of the investments in unquoted equity shares have been estimated using valuation technique unless they approximate to carrying value. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The fair values of the remaining FVTOCI & FVTPL financial assets are derived from quoted market prices in active markets.

Carrying values of trade payables, trade receivables, employee loans, cash and cash equivalents, other bank balances, other financial assets & other financial liabilities which are stated at Amortised Cost reasonably approximate their fair value due to the short-term maturities of these instruments.

Loans in the nature of security deposits wherever significant have been stated at amortised cost using market rate of interest.

Long-term fixed-rate and variable-rate receivables are evaluated by the company based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables wherever applicable. As of reporting date, the fair value of such receivables, net of allowances, if any, are not materially different from their carrying values.

There are no borrowings by the Parent Company as on the reporting date of the current and previous year. Borrowings are however obtained at market rates of interest available for debt on similar terms, credit risk and remaining maturities.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 34 : Financial Instruments - fair values : (Contd..)

(b) Fair value hierarchy and valuation techniques used

The following table provides the fair value measurement hierarchy of company's assets and liabilities grouped into Level 1 to Level 3 as described in notes to accounts. Further table describes the valuation techniques used, key inputs to valuations and quantitative information about significant unobservable inputs for fair value measurements. There has been no change in the valuation technique from earlier years.

As at 31st March 2025

a) Financial Assets measured at fair value

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Financial assets					
FVTOCI investments - quoted	1,169.65	-	-	Quoted market price	
FVTOCI investments - unquoted	-	-	589.93	Discounted cash flow / carrying value	EBIDTA,Free cash flow for 4 Years, growth rate, risk adjusted discount rate
FVTPL investments - Mutual Funds	2,685.52	-	-	Quoted market price	
	3,855.17	**-**	**589.93**		

Gain in fair value compared to previous year of the level 3 item amounting to ₹ 290.74 Million has been recognised in FVTOCI.

b) Financial Assets measured at amortised cost for which fair value is disclosed

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Other financial assets	-	397.16	-	Net Present Value	Maturity and prevailing interest rate
	-	**397.16**	**-**		

c) Financial Liabilities measured at amortised cost

₹ in Million

Particulars	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Borrowings	-	97.27	-	Net Present Value	Prevailing market rate of interest, future pay-outs
Other financial liabilities	-	847.37	-	Net Present Value	Maturity period
	-	**944.64**	**-**		

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 35 : Financial Risk Management :

Financial Risk Management policy and objectives

The Company's principal financial liabilities comprise of borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, Cash and Cash equivalents which are derived directly from its operations.

Company is exposed to market risk and credit risk.

The management of these risks is overseen by the senior management which is advised by a team of senior officials. The Risk Management team oversees the policies and systems, on a regular basis to reflect changes in market conditions and company's activities and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The board of directors reviews and agrees policies for managing each of these risk is summarised below

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk namely foreign currency risk, interest rate risk, and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments.

a) Foreign currency risk

Foreign currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in local currency INR and in different foreign currencies. Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated. Company's forex exposure is partly covered by natural hedge. For unhedged exposure refer note 35 - foreign currency sensitivity analysis.

b) Crypto Currency risk

The Company has not traded in any cryptocurrencies during the year. The Company does not hold any cryptocurrency or virtual currency as at 31 March 2025. The Company has also not received any deposits or advances for the purpose of investing in cryptocurrencies or virtual currencies.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Parent Company has Nil borrowing as on 31st March 2025, but has an exposure of ₹ 2,685.53 Million in its current investments. To minimise this exposure Parent Company spreads its investment portfolio into short term and medium term maturities.

The Subsidiary Company has borrowings at variable interest rates. Profit or loss and equity are sensitive to higher / lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

Particulars	As at 31st March, 2025
Total borrowings at variable interest rate	92.62
Interest rate swaps	-
Net exposure to interest rate risk	92.62

Interest Rate Sensitivity

Particulars	Impact on pre tax profit or loss and pre tax equity 31-Mar-25
Increase 50 bps	0.46
Decrease 50 bps	-0.46

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 35 : Financial Risk Management (Contd..)

d) Price risk

Equity price risk

The Company's investment in quoted and unquoted equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to quoted equity securities at fair value is ₹ 1,169.65 Million. A decrease/ increase of 5% in the active market could have an impact of approximately ₹ 58.48 Million on the OCI or equity attributable to the Company. These changes would not have a material effect on profit and loss.

The fair values of the investments in unquoted equity shares have been estimated using valuation technique unless they approximate to carrying value. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility.

A 50 bps increase/decrease in discounting factor used while keeping all other variables constant, the carrying value of the shares would decrease/increase by ₹ 3.50 Million (Previous year ₹ 3.20 Million).

2) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company has a large customer base and thus has no concentration of credit risks on a single customer.

a) Trade receivables

The management has established a credit policy under which each new customer is analysed individually for creditworthiness, before offering the payment and delivery terms and conditions.

- Company has different types of credit terms depending upon the type and credit worthiness of the customer. They are either on open terms or backed by Letter of Credit / Bank Guarantees.
- Based on analysis of individual cases, the management considers the impairment of receivables, if any.

The table summarises aging for trade receivable:

₹ in Million

Unsecured Trade receivables - considered good	Not due	Outstanding from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Non-Credit Impaired							
Current	2,943.92	1,630.28	69.97	163.02	2.27	0.17	4,809.63
Non-Current	23.00	-	-	-	-	-	23.00
Expected credit loss	-	(0.30)	(3.38)	(1.04)	(0.61)	(0.17)	(5.50)
31 March 2025	**2,966.92**	**1,629.98**	**66.59**	**161.98**	**1.66**	**-**	**4,827.13**

Expected credit loss on receivables is provided on the basis of previous estimated trend which is 0.10%, 0.50%, 100% for outstanding between 1 to 365 days, 1 to 2 years and more than 2 years respectively.

Movement of Loss allowance (for expected credit loss under simplified approach) :

Particulars	₹ in Million
As at 1st April 2024	5.03
Allowance made/(reversed) during the year	0.47
Less : Written off	-
As at 31 March 2025	**5.50**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 35 : Financial Risk Management (Contd..)

b) Cash and cash equivalents and bank and other deposits

The cash and cash equivalents are held with Banks with an external short term rating of "A1+". Thus, the Company considers that its cash and cash equivalents have low credit risks.

c) Liquidity risk

The table summarises the maturity profile of company's financial liabilities based on contractual undiscounted payments except lease liabilities.

Generally payment terms for Trade payable are between 0 to 90 days.

₹ in Million

Particulars	31st March, 2025					
	Carrying amount	On demand	Less than 6 months	6-12 Months	>1 year	Total
Interest bearing borrowings	97.27	92.62	1.76	1.91	0.98	97.27
Lease Liabilities	8.76	-	1.76	1.86	5.14	8.76
Other financial liabilities	847.37	62.65	505.52	278.75	0.45	847.37
Trade payables	2,159.36	-	2,159.36	-	-	2,159.36

d) The table summarises aging for trade payable:

₹ in Million

Trade Payables	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
31 March 2025						
MSME	304.53	14.16	0.20	-	0.12	319.01
Others	1,492.93	346.27	0.55	0.12	0.48	1,840.35
Total	1,797.46	360.43	0.75	0.12	0.60	2,159.36

There are no disputed dues payble to creditors.

NOTE 36 : Foreign Currency Sensitivity Analysis :

(A) Exposure Hedged - Foreign Exchange Derivatives

₹ in Million

Nature of Instrument	Currency	Sale / Purchase	31st March, 2025
Forward Contracts	USD	Purchase	-

(B) Exposure Unhedged - Net - Payable / (Receivable)

Currency	Net exposure in foreign currency in Million	Net exposure in ₹ Million
	31st March, 2025	31st March, 2025
USD	(0.88)	(74.19)
EUR	0.05	4.74
GBP	0.26	30.05
SGD	0.02	1.09

₹ in Million

Currency	Sensitivity %	Impact on profit (strengthen)*	Impact on profit (weakening)*
		31st March, 2025	31st March, 2025
USD	3.42%	2.54	(2.54)
EUR	3.48%	(0.16)	0.16
GBP	4.44%	(1.33)	1.33
SGD	5.00%	(0.05)	0.05
Total INR		1.00	(1.00)

(* Strengthening/ weakening of foreign currency)

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 37 : Capital Management :

The Company's capital includes issued equity capital, share premium and free reserves.

The Company's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base.

The company aims to sustain investor, creditor and market confidence so as to be able to leverage such confidence for future capital/debt requirements.

Management monitors the return on capital, the capital/debt requirements for various business plans under consideration and determines the level of dividends to equity shareholders.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31 March, 2025.

The Company has not been declared as a wilful defaulter by any lender who has powers to declare a company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.

Net debt position

₹ in Million

	31st March, 2025
Borrowings (including current maturities)	97.27
Less: Cash and cash equivalents & current investments	3,320.11
Net debt	**(3,222.84)**
Total Equity	**10,962.42**

Net debt to equity ratio Not applicable as the net debt position is negative

₹ in Million

Particulars	Cash and Cash Equivalents	Current Borrowings	TOTAL
Cash Flows	3,173.59	97.27	3,076.32
Other non-cash movement	-	-	-
Fair Value Adjustment	146.52	-	146.52
(Net Debt) /Surplus as on 31st March 2025	**3,320.11**	**97.27**	**3,222.84**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 38 : Leases - Ind AS 116 :

A The Group as a Lessee :

has entered into agreements in the nature of Lease / Leave and License agreement with different Lessors / Licensors for the purpose of establishment of office premises / residential accommodations and assets. These are generally in nature of operating Lease / Leave and License and disclosure required as per Ind AS 116 with regard to the above is as under.

i) Where the Lease arrangements are not recognised as ' Right-of-Use Asset ' and covered under paragraph 6 of Ind AS 116

a. Payment under Lease / Leave and License for period :

1) Not later than 1 year ₹ 7.30 Million

2) Later than 1 year but not later than 5 years ₹ 8.21 Million

b. There are no transaction in the nature of Sub Lease.

c. Payments recognised as Rent in the Statement of Profit and Loss for the year ended 31st March, 2025 amounts to ₹ 16.09 Million.

d. Period of Agreement is generally for Eleven Months, in some cases extending up to five years and renewable at the option of Lessee. The lease agreements do not have any variable lease payments nor there is any residual value guarantee. There are no leases to which the company has committed and are yet to commence.

ii) Where the Lease arrangements are recognised as ' Right-of-Use Asset ' under Ind AS 116

a. Depreciation charge for right-of-use assets amounts to ₹ 4.15 Million Refer Note No.1 - Property, Plant & Equipment.

b. Interest Expenses on Lease Liability ₹ 0.85 Million is the non-cash movement in (leases) financing liability Refer Note No.25 - Finance Cost and Statement of Cashflow.

c. The expense relating to leases accounted by applying paragraph 6 are given in Note 38 A above.

d. The Parent Company has not entered into any transaction in the nature of Sub Lease or sale & lease back.

The Subsidiary Company has entered into a sale and lease back transaction. The gains / (losses) arising from that transaction are ₹ 2.53 Million.

e. The aggregate amount of cash outflow on account of leases covered including that of Note 38 A is ₹ 19.79 Million

f. The carrying amount of right-of-use assets at the end of the reporting period amount to ₹ 11.27 Million

Refer Note No.1 - Property, Plant & Equipment.

g. For maturity profile of lease liability Refer Note No. 35 (2) (C).

B The Company as a Lessor :

The Parent Company has entered into agreements with various customers for providing Compression Facility on Operating Lease basis. It recognises its income generally on a straight line basis unless differential payment terms are applicable. The Company has disclosed these details in Note No. 1 - Property, Plant & Equipment. The corresponding lease income has been disclosed in Note No. 19 - Revenue From Operations. The Company has not entered into any agreements on variable lease payments.

a. The Company has not given any assets on Financial Lease basis.

b. The Parent Company has examined its expected future revenue from existing leasing contracts and does not foresee any requirement for impairment as per Ind AS 36 for the underlying leased assets.

c. Maturity Analysis based on current firm contract period

₹ in Million

Asset under Lease	Undiscounted Lease Payments to be received in each of next 5 Years				
	Year 1	Year 2	Year 3	Year 4	Year 5
Compression Facility	33.50	-	-	-	-
Total	**33.50**	**-**	**-**	**-**	**-**

d. The Company has not entered into any transaction in the nature of sale & lease back.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 39 : Capital and Other Commitments :

₹ in Million

Particulars	2024-25
i. Estimated amount of Contracts remaining to be executed on Capital Account by the Parent Company and not provided for, net of Advances.	146.50
ii. Guarantees given by Company's Bankers for Contracts undertaken by the Company are secured by a First Charge on Company's Inventories (excluding Stores and Spares relating to Plant and Machinery) & Outstanding Bills. Amount outstanding as on 31st March 2025,net of Advances.	3,042.43

NOTE 40 : Payment to Auditors :

₹ in Million

Particulars	2024-25
(a) As Auditors	3.15
(b) In Other Capacity	
For Tax Audit	0.43
For Certification	0.30
	3.88
(c) For Expenses	0.07
	3.95

NOTE 41 : Dividend Distribution made and Proposed :

Cash dividend on equity shares declared and paid

₹ in Million

Particulars	2024-25
Final dividend for the year ended 31 March 2024 ₹ 4 Per share i.e. 200% (31 March 2023 of ₹ 3 Per share i.e. 150%)	259.24
Interim dividend for the year ended 31 March 2025 ₹ 3.50 Per share i.e. 175% (31 March 2024 ₹ 2.50 Per share i.e. 125%)	227.07
	486.31

Final dividend proposed for the year ended 31st March 2025 of ₹ 6.50/- per share i.e 325%.

Proposed dividend on equity shares are subject to approval of the shareholders of the Company at the annual general meeting and are not recognised as a liability as at 31 March 2025.

The Subsidiary Company has not declared any dividend during the financial year 2024-25.

NOTE 42 : Contingent Liabilities :

A. Contingent Liabilities not provided for in respect of :

₹ in Million

Particulars	2024-25
Claims against the Company not acknowledged as Debts, estimated at	121.13
Income Tax Matters	6.97
Disputed Central Excise/GST Matters	0.01
Disputed Customs Matters	2.29
Guarantees given by Company to Customers for the contracts undertaken in usual course of business	3.74

In case of the Subsidiary Company, there are no contingent liability due as on Balance Sheet date and does not have pending litigations which will impact on financials.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 43 : Expenditure in Foreign Currencies (accrual basis) :

₹ in Million

Particulars	2024-25
CIF Value of Imports	
Raw Materials & Components	1,721.68
Capital Goods	-
Other Expenses	97.00
Total	**1,818.68**

NOTE 44 : Earnings in Foreign Currencies (accrual basis) :

₹ in Million

Particulars	2024-25
F.O.B. Value of Exports	1,217.55
Export of Services	21.46
Other Income	0.43
Total	**1,239.44**

NOTE 45 : Earnings Per Share :

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic and diluted earnings per share calculation are as follows:

Particulars	2024-25
Profit for the year attributable to owners of the Parent Company (₹ in Million)	2,111.88
Weighted average number of equity shares used as denominator	6,48,30,724
	In ₹
Basic earnings per share of nominal value of ₹ 2/- each	**32.58**
Effect of Dilution	
Stock option granted under ESOP (number of shares)	1,44,617
Weighted average number of equity shares for the purpose of computing	6,49,75,341
	In ₹
Diluted earnings per share of nominal value of ₹ 2/- each	**32.50**

NOTE 46 :

The information as required to be disclosed under the "Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the company. Based on disclosure, total outstanding of Micro, Small and Medium Enterprises to whom the Group owes money is as under :

₹ in Million

Particulars	31st March, 2025
Total outstanding to MSME suppliers	319.03
Principal Amount	319.01
Interest Amount on above	0.02
Payment made to suppliers beyond the appointed day, during the year	1,544.83
Interest due and payable to suppliers under MSMED Act, for the payments already made	5.97
Interest accrued and remaining unpaid for the year to suppliers under MSMED Act	5.99
Interest remaining due & payable to suppliers under MSMED Act	27.05

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 47 : Taxation :

Company has provided Income Tax for the year ended on 31st March, 2025 and remeasured its Deferred Tax Asset / Liability on the basis of rates prescribed under section 115BAA of the Income Tax Act, 1961 exercising the option permitted under that section.

₹ in Million

Particulars	As at 31st March, 2025
Current income tax	695.00
Current Tax	**695.00**
Relating to origination and reversal of temporary difference	0.51
Deferred Tax	**0.51**
Income tax expenses reported in the Statement of Profit and loss	**695.51**

Other Comprehensive Income (OCI)

₹ in Million

Particulars	As at 31st March, 2025
Deferred tax related to items recognised in OCI during the year	
Net loss/(gain) on actuarial gains and losses	4.94
Net loss/(gain) on FVOCI equity instruments	(3.49)
Deferred tax charged to OCI	**1.45**

Reconciliation of tax expense and tax calculated at prevailing income tax rate on the accounting profit for the year ending March 2025 is as under

₹ in Million

Particulars	As at 31st March, 2025
Accounting Profit Before Tax	**2,808.34**
Tax on above at current rate of Income Tax	706.80
Tax Expense	
Current	695.00
Deferred	(4.68)
Total Tax Expense	**690.32**
Difference	(16.48)
Tax Reconciliation :	
Amounts not deductible	
Donations & CSR expenses	7.05
Others	2.75
Amounts not Taxable	
Deduction allowed u/s 43B(h)	(72.81)
Others	(38.47)
Taxation in respect of earlier years	85.00
Total	**(16.48)**

"The Company has not surrendered or disclosed any income during the year in the tax assessments under the Income Tax Act, 1961."

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 48 : Expenditure on Corporate Social Responsibility ("CSR") activities :

₹ in Million

a	Particulars	2024-25
	Gross amount required to be spent by the Parent Company during the year	28.00
	Amount approved by the board to be spent during the year	28.00
	Amount spent during the year on :	
	(i) Construction/Acquisition of any asset	-
	(ii) On purpose other than (i) above	28.01
	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-
	The total of previous years' shortfall amounts	-
	The reason for above shortfalls	NA
	The nature of CSR activities undertaken by the Company	Refer note 'b' below

b The Parent Company has undertaken CSR activities relating to Promoting Education, Ensuring environmental sustainability, Preventive health care and sanitation.

The Subsidiary Company is not required to incur expenditure on CSR as per Companies Act 2013.

NOTE 49 : Acquisitions (Business Combination) :

The Parent Company, on 4th December 2024 (acquisition date), acquired 55.26% equity shares in Systems & Components India Private Limited for cash consideration of ₹ 155 Million. Systems & Components India Private Limited is engaged in the business of designing, manufacturing, installation, commissioning and after sales service of Refrigeration Systems/Packages and allied Products.

Further, as per the terms of share purchase agreement, the Parent Company also has a call option to acquire balance equity shares held by Non-Controlling Interests (NCI) and simultaneously, shareholders of Systems & Components (transferor company) have put option to sell the remaining equity shares to be exercised after holding period at a price based on mutually agreed upon formula. However, if the options are not exercised in the given option period, the company has to purchase remaining equity shares at the end of the option period by applying same formula agreed at the time of exercising options. The options have been recorded at fair value as per Ind AS 109.

For acquisition date to period ended 31st March 2025, Systems & Components contributed revenue of ₹ 115.72 Million and profit (before tax) of ₹ 1.36 Million to the Group's results. If the acquisition had occurred at the beginning of the year, management estimates that consolidated revenue would have been ₹ 16,730 Million and consolidated profit (before tax) would have been ₹ 2,860 Million.

The purchase consideration has been allocated based on management's estimates and independent valuers report, for certain assets. None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

The following table summarizes the recognized amounts of assets acquired, liabilities assumed as on the date of acquisition which approximates the acquistion date fair values:

Particulars	₹ in Million
Property, plant and equipment	250.28
Inventories	140.79
Trade receivables	44.21
Cash and cash equivalents	0.18
Other assets	36.41
Borrowings	96.54
Trade payables	44.44
Other payables	50.37
Total net identifiable assets acquired	**280.50**
Non-Controlling Interest	125.50
Total Purchase consideration	**155.00**
Goodwill	-

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 50 : Disclosure in terms of Schedule III of the Companies Act, 2013 :

Name of the entity in the Group	Net Asset i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated Net Assets	Amount in Millions	As a % of Consolidated Profit	Amount in Millions	As a % of Consolidated other Comprehensive Income	Amount in Millions	As a % of Consolidated total comprehensive income	Amount in Millions
Parent								
Kirloskar Pneumatic Company Limited	97.44%	10,805.85	99.90%	2,110.71	95%	13.49	99.9%	2,124.20
Subsidiaries								
Indian								
Systems and Components (India) Private Limited	1.41%	156.57	0.06%	1.17	3%	0.40	0.1%	1.57
Total	0.00%	**10,962.42**	0.00%	**2,111.88**	0%	**13.89**	0.0%	**2,125.77**
Non Controlling Interest	1.14%	126.77	0.04%	0.95	2%	0.33	0.1%	1.28
Total		**11,089.19**		**2,112.83**		**14.22**		**2,127.05**

NOTE 51 : Interest in Other Entities :

A) Subsidiary

Sr. No	Particulars	Ownership interest held by the Company March 31, 2025
i	Systems and Components (India) Private Limited	55.26%

The principal place of business of the subsidiary is in India. The principal business of the subsidiary company is in similar line of parent company's business . The ownership interest held by non-controlling interest is to the extent of 44.74%.

B) Non-controlling interest

Set out below is the summarised financial information for subsidiary - Systems and Components (India) Private Limited that has non-controlling interest of 44.74%.

Summarised Balance Sheet

₹ in Million

Particulars	31st March, 2025
Non-current assets	269.93
Current assets	224.38
Total Assets	**494.31**
Current liabilities	203.29
Non-current liabilities	7.68
Total Liabilities	**210.97**
Reserves & Surplus	-
Total Liabilities and Reserves	**210.97**
Net Assets (A)	**283.34**
Attributable to Non-controlling interest	**126.77**
Attributable to Parent	**156.57**

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 51 : Interest in Other Entities (Contd..)

Summarized statement of Profit and Loss

₹ in Million

Particulars	2024-25
Total revenue	117.09
Total expense	115.29
Profit / (loss) before tax	1.80
Exceptional Items	-
Tax expense	0.32
Profit / (loss) after tax	**2.12**
Other comprehensive income net of tax	**0.73**
Total comprehensive income net of tax	**2.85**
Profit / (loss) attributable to the owners of the Company	**1.58**
Profit / (loss) attributable to the non-controlling interest	**1.28**

Summarized Cash flow

₹ in Million

Particulars	2024-25
Net cash flows from operating activities	2,150.01
Net cash flows from investing activities	(1,554.04)
Net cash flows from financing activities	(457.47)

NOTE 52 : Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows :

There are no loans and advances in the nature of loans granted/ advanced by the Group to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Parent Company to the Subsidiary Company.

NOTE 53 : Assets Classified as Held for Sale :

The Parent Company has identified certain assets from property, plant & equipments of the business which are available for sale in its present condition. The Company is committed to plan the sale of these assets and an active programme to complete the sale has been initiated. The Company expects to dispose off these assets in the due course. Accordingly, non-current assets amounting to ₹ 59.00 Million (Previous year ₹ 97.49 Million) (net fair value) have been classified as held for sale in the books of accounts. The fair value of these assets is determined on the basis of estimated realisable value.

NOTE 54 : Exceptional Items :

The assets held for sale by the Parent Company are measured at lower of the carrying value and fair value less cost to sale at the time of reclassification which resulted in recognition of impairment loss and has been disclosed as an exceptional item in the statement of profit and loss amounting to ₹ 38.49 Million.

NOTE 55 : Long term Contracts :

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of accounts. As on 31st March 2025 there are no such contracts.

NOTE 56 :

Working capital facilities (fund based & non fund based) are secured by way of first charge on book debts and other tangible assets (comprising of inventory etc.) in favour of consortium of banks.

The Group does not have any charges or satisfaction which is yet to be registered with the ROC beyond the statutory period.

Quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 57 : The Group has complied with the number of layers prescribed under the Companies Act, 2013.

NOTE 58 : Transactions with Struck Off Companies :

The Parent Company does not have any transactions with companies struck off.

During the year, the Subsidiary Company had a relationship with a struck off company under section 248 of the Companies Act, 2013, as detailed below:

Name of the Struck Off Company	Nature of Transaction	Balance Outstanding	Relationship
Victory Alloy Steel Pvt Ltd	None	Nil	Subsidiary of Systems and Components India (Pvt) Ltd

No transactions were carried out with the above-mentioned struck off company during the year, and there is no outstanding balance as at the year end.

NOTE 59 : Disclosure for Investment and transaction through/as an intermediary to ultimate Beneficiary -

i. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

ii. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

NOTE 60 : The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

NOTE 61 : The Group has accounted for a business combination in accordance with Ind AS 103 Business Combinations in the current year. Accordingly these are the first set of Consolidated Financial Statements and hence does not include previous year figures.

NOTE 62 : These financial statements were authorised for issue by the Board of Directors on 24th April, 2025.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

NOTE 63 : NOTES TO AND FORMING PART OF THE CONSOLDIATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2025.

1. Corporate Information

The consolidated financial statements comprise the financial statements of Kirloskar Pneumatic Company Limited ('the Parent Company') and its subsidiaries (collectively 'the Group'). The Parent Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act 1956. The registered office of the Company is located at 1, Hadapsar Industrial Estate, Pune 411 013. The equity shares of the Parent Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited.

The Group is engaged in the business of Compression & Transmission products, primarily serving sectors of oil & gas, engineering, steel, cement, food & beverage by offering engineered products and solutions. The Compression segment is engaged in design, manufacture, supply and erection / commissioning of wide range of air, gas and refrigeration compressors, packages & systems. Transmission products includes design, manufacture and supply of railway traction gears and customized gearboxes for windmill, industrial and marine applications. The Parent Company also manufactures forge parts to support internal manufacturing requirements as well as servicing external customer.

2. Basis of preparation of Financial Statements

The Group's consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

The financial statements have been prepared on historical cost basis, except for certain financial instruments which are either stated at amortised cost or measured at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

Also, plan assets in a defined benefit plans are measured at fair value.

Basis of consolidation

(i) Basis of accounting and preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ('Ind AS') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the 2013 Act') and the relevant provisions of the 1956 Act / 2013 Act, including rules thereunder as applicable and guidelines issued by Securities and Exchange Board of India ('SEBI'). The accounting policies adopted in the preparation of the consolidated financial statements are consistent. All assets and liabilities have been classified as Current or Non-current as per the respective Company's normal operating cycle and other criteria set out in Schedule III to the 2013 Act.

(ii) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

a. The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 110, "Consolidated Financial Statements".

b. The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra Group balances and intra group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India.

c. The consolidated financial statements are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements. Differences if any, in accounting policies have been disclosed separately.

d. Particulars of subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of the Company	Country of Incorporation	% of Holding of Kirloskar Pneumatic Company Limited	Consolidated as
Systems and Components (India) Private Limited	India	55.26%	Subsidiary

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

The accounting policies of the Parent Company are best viewed in its independent financial statements. Differences in accounting policies followed by the Systems & Components (India) Private Limited have been reviewed and no adjustments have been made, since the impact if any of these differences is not significant.

3. Significant account judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

3.1. Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effects on the amounts recognised in the financial statements:

Operating lease where Group is a lessor

The Group, for its leases, has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the asset under a lease and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Lease Term where Group is a lessee

The group has applied provisions of Ind AS 116 effective 1st April, 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgment.

Revenue Recognition

The group recognises revenue for each performance obligation either at a point in time or over a time.

In case performance obligation is satisfied over a period of time, either the input method or output method is used based on the type of contract and the performance obligation involved to determine the revenue to be recognised. These methods faithfully depict the company's performance towards complete satisfaction of performance obligation.

Practical expedient of "right to consideration" is also considered in respect of contracts where the satisfaction of performance is measured using the output method while recognizing revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the group generally recognises revenue when the control is transferred. In case of domestic sale of goods, transfer of control is evaluated based on consideration of transfer of risk & reward of ownership, legal title to the goods, acceptance or inspection by the customer, companies right to payment and physical possession and in case of exports on the date of Bill of Lading. In case of services, the revenue is recognized based on completion of distinct performance obligation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition related costs are generally recognised in the Statement of Profit or Loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

The cost of an acquisition also includes the estimated fair value of any contingent consideration measured as at the date of acquisition. This measurement is based on information available at the acquisition date and is based on expectations and assumptions that

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have been deemed reasonable by management. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the consolidated Statement of Profit and Loss.

Business Combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Acquisition of some or all of the non-controlling interest ('NCI') is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Parent Company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transactions.

3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and expected rate of return on plan assets.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, actuary considers the interest rates of government bonds and extrapolates as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based as per the policy of the Group.

Further details about defined benefit obligations are provided in Note 27.

Fair value of investments

The Company holds equity and debt investments in unquoted companies. The valuation of investment requires assumptions in relation to growth rates and discount rates.

The valuation of such investments is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3.3 Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the group's functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest millions as per the requirements of Schedule III, unless otherwise stated.

4. Material Accounting Policies

4.1 Current Vs Non Current Classification

The group presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle.

b. Held primarily for the purpose of trading.

c. Expected to be realised within twelve months after the reporting period or

d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non – current.

A liability is current when it is :

a. Expected to be settled in normal operating cycle.

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b. Held primarily for the purpose of trading.

c. Due to be settled within twelve months after the reporting period or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non – current.

Deferred tax assets and liabilities are classified as non - current assets and liabilities.

4.2 Fair value measurement

The Group measures financial instruments such as Investments etc. at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The Group's management determines the policies and procedure for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant unquoted financial assets and liabilities.

4.3 Property, Plant and Equipment

a. Property, plant and equipment; and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment, borrowing costs for long term construction projects if the recognition criteria are met and net initial cost estimate of requirement of restoration of site where the asset is located. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

   Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

b. Capital work-in-progress comprises of cost of property, plant and equipment that are not yet

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installed and ready for their intended use at the Balance Sheet date.

c. Own manufactured assets are capitalised at cost including an appropriate directly allocable expenses.

Depreciation

- With the commencement of the Companies Act, 2013, depreciation is being provided on straight line method according to the useful life prescribed on single shift working basis in Sch II of the Act on the carrying amount of the asset over the remaining useful life of the asset as per the said schedule, except as stated below. Where the asset is used any time during the year in double or triple shift, depreciation is being calculated on the basis of Note 6 of the said schedule.

- Depreciation on Vehicle other than leased vehicles is being provided over a period of five years, being the estimated useful life of the asset to the group.

- Depreciation on Additions to property, plant and equipment is being provided on pro-rata basis from the month of acquisition or installation of the said Asset, as per Note 2 of Sch II to Companies Act, 2013 in a manner stated above.

- Depreciation on Leased Vehicles is being provided over a period of eight years, being the estimated useful life of the asset to the group.

- Depreciation on Compression Facilities given on lease is being provided on the basis of estimated useful life of each of the components of the facility.

- Depreciation on Jigs & Fixtures, Patterns and Dies is being provided over a period of three years, being the estimated useful life of the asset to the group.

- Depreciation on Assets sold, discarded or demolished during the year is being provided at their respective rates up to the preceding month in which such Assets are sold, discarded or demolished.

- Technical assessment of assets is carried out annually to identify cost of part of asset which is significant to total cost of asset and where useful life of that part of asset is significantly different than useful life of remaining part of asset. Parts are depreciated as per useful life so determined.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.4 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Expenditure on acquiring Technical Know-how (intangible asset) is amortised equally over a period of five years or usage period whichever is lesser, after commencement of commercial production. Depreciation on additions to Software is provided on pro-rata basis from the month of installation, over a period of one year.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are recorded at the consideration paid for acquisition.

4.5 Borrowing Cost

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of the asset. Other borrowing costs are recognized as expenses in the period in which these are incurred.

4.6 Impairment of Assets

The Group assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets.

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Market related information and estimates such as long term growth rates, weighted average cost of capital and cash flow projections considering past experience are used to determine the recoverable amount. If such recoverable amount of the assets or the recoverable amount (economic value in use) of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Profit and Loss account. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Profit and Loss account.

4.7 Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

(ii) Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at Fair value through profit and loss (FVTPL)

- Financial assets at amortised cost :

  A financial asset is measured at amortised cost if:

  - The financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial measurement, such financial assets are subsequently measured by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset if applicable. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

- Financial assets at fair value through other comprehensive income (FVTOCI)

  A financial asset is measured at fair value through other comprehensive income if:

  - The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial measurement, such financial assets, until they are derecognised or Wreclassified, are subsequently measured at fair value with unrealised gains or losses recognised in Other Comprehensive Income except for interest income, impairment gains or losses for foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

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- Financial assets at fair value through profit or loss (FVTPL)

  A financial asset is measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income.

  In addition, the Group may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit and loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

  After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

  (iii) De-recognition of financial assets

  A financial asset is derecognised when:

  - The contractual rights to the cash flows from the financial asset expire,

    Or

  - The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  (iv) Reclassification of financial assets

  The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made from financial assets which are equity instruments and financial liabilities. For financial assets a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

  (v) Impairment of financial assets

  The group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost.

  The impairment methodology applied depends on whether there has been a significant increase in credit risk.

  For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

(ii) Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- Financial liabilities at fair value through profit and loss
- Amortised Cost
- Loans and Borrowings at amortised Cost

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After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(iii) De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from Balance Sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

4.8 Derivatives

Group uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk to the Group. Derivative contracts are not used for trading or speculation purposes.

All derivatives are measured at fair value through the Profit and Loss. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. Hedging activities are explicitly identified and documented by the Group.

4.9 Foreign Currency Transactions

a. Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

b. Conversion

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are revalorized at the rate prevailing on the date of Balance Sheet.

c. Exchange Differences

Exchange difference arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of corresponding asset up to the date of transition to Ind AS. Further, exchange difference on foreign currency loans utilized for acquisition of assets, is adjusted in the cost of the asset up to transition date of Ind AS only.

4.10 Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- Group as a Lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Group uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio. However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Group considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Group applies both recognition exemptions.

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Right of use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Group also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

- Group as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the group will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.11 Inventories

Cost of inventories have been computed to include all costs of Purchase, Cost of Conversion and other costs incurred in bringing inventories to their present location and condition.

I. The Stocks of Raw Materials and Components, Stores and Spares and Traded Goods are valued at cost calculated on Weighted Average basis.

II. The Stocks of Work-in-Progress (including factory-made components) and Finished Goods are valued on the basis of Full Absorption Cost of attributable factory overheads or net realisable value, whichever is lower.

III. Goods in Transit are stated at actual cost to the date of Balance Sheet.

IV. Unserviceable and Obsolete Raw Materials are valued at an estimated realisable value.

V. Imported Materials lying in Bonded Warehouse, are valued at cost to the date of Balance Sheet.

4.12 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity respectively and not in the statement of profit and loss.

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Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences including, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss, is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.13 Employee Benefits

a) Short Term Employee Benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b) Employee Stock Options Scheme

The fair value of options granted on the date of grant to employees is recognised as employee benefit expense with corresponding increase in equity being the share based payment. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are required to be satisfied. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

c) Post-Employment Benefits

(i) Defined contribution plan

The Group makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The group has no further obligations under these schemes beyond its periodic contributions.

(ii) Defined benefit plan

The employee's gratuity fund scheme is Group's defined benefit plan. The present

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value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the profit and loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

d) Other long term employment benefits :

The employee's long term compensated absences are Group's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet.

In regard to other long term employment benefits, the Group recognises the net total of service cost; net interest on the net defined benefit liability (asset); and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

Termination Benefits:

Termination Benefits are recognised in the statement of profit and loss in the year in which termination benefits become payable or when the Group determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

4.14 Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

Provisions for cost of warranty obligations are recognised at the best estimate of the expenditure required to settle the Group's obligation.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4.15 Revenue Recognition

a) Revenue from contracts with customers for sale of goods or services is recognised when a performance obligation is satisfied either over a time or at a point in time by transferring a promised good or service under the contract to a customer and the customer obtains control of the same, creating a right to payment for the performance completed, the associated costs can be estimated reliably and the amount of revenue can be measured reliably.

Revenue towards satisfaction of a performance obligation is measured at the transaction price allocated to that performance obligation net of discounts, rebates and returns.

b) Contract is recognised when parties to the contract approve the contract committing respective performance obligations, identify each parties rights to goods and services to be transferred under the contract, payment terms, thus has a commercial substance and where the Company shall be entitled to collect the consideration in exchange of goods or services to the Customer.

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c) In contracts under which performance obligation is satisfied at a point in time, revenue is recognised at point in time when the control is transferred. Evaluation of point of time when control is transferred is perform based on consideration of transfer of risks & rewards of ownership, legal title to the goods, acceptance or inspection by the customer, companies right to the payment and physical possession in case of domestic sales and in case of export on the date of bill of lading.

d) In contracts under which performance obligation is satisfied over a period of time, covering multiple reporting dates, an input method is used to recognise the revenue as it corresponds to entity's efforts to the satisfaction of the performance obligation relative to total expected efforts.

e) Such measurement may result in the Group's recognising either contract asset or contract liability (unbilled revenue). The contract assets represents amount due from customer, primarily relate to the Company's rights to consideration for work executed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, that is when invoice is raised on achievement of contractual milestone. This usually occurs when the Company issues an invoice to the customer. The contract liabilities represents amount due to customer, primarily relate invoice raised on customer on achievement of milestone for which revenue is recognised over the period of time and after the reporting date.

f) Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. The company reasonably estimates the standalone selling prices if such prices are not observable. For each performance obligations identified as above the revenue is recognised either at a point in time or over time. When the company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

g) Disaggregation of Revenue is depicted in Operating Segment.

h) Government grant in the nature of export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the statement of profit and loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

i) Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

j) Income from dividend on investments is accrued in the year in which it is authorized, whereby right to receive is established

k) Profit / Loss on sale of investments is recognized on the contract date.

4.16 Cash dividend

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders except in case of interim dividend which is approved by the Board. A corresponding amount is recognised directly in equity.

4.17 Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

4.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments and increase & decrease in current assets and current liabilities. The cash flows from regular operating, investing and financing activities of the Group are segregated.

Notes to Consolidated Financial Statements

For the year ended 31st March 2025

5. Standards issued

For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

As per our attached report of even date.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Reg. No. 105215W / W100057

Anand Jog
Partner
Membership No. 108177
Pune, April 24, 2025

For and on behalf of The Board of Directors

K. Srinivasan
Managing Director
DIN – 00088424

Rahul C. Kirloskar
Executive Chairman
DIN – 00007319

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer
Pune, April 24, 2025

Kirloskar Pneumatic

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