

## **CHAIRMAN'S SPEECH**

Good Afternoon, and a very warm welcome to the 50<sup>th</sup> Annual General Meeting of Kirloskar Pneumatic Company Limited. On behalf of the Board of Directors, I thank you for the wholehearted support you have extended to the Company and appreciate the time you have made to join us today.

Our legacy inspires us to see beyond present challenges. We look at opportunities; remain futuristic and dynamic in our thoughts and actions in line with evolving customer aspirations.

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 relentless focus on in-house research and development has been fundamental to our success. Our R&D teams have been diligently engaged in developing new and enhanced products that align with evolving needs of our customers. As a result of these endeavors, your Company has filed and received in aggregate 43 IPs during the year.

At KPCL, 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.

At KPCL it will always be growth with focus. Focus on Compressors and Compression Systems for Air, Refrigeration and Gas. Gas remain our core. And within this core, we have 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. Innovation continues to be central to our strategy. We are building a knowledge ecosystem that strengthen our independence and product leadership. While much of the industry has shifted towards outsourced manufacturing, your Company has chosen to retain deep in-house capabilities – from forging and casting to precision machining and assembly.

Our operational back-bone 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.

### **Overall Performance**

During the last year, the disciplined approach translated into a strong financial results. We closed FY 25 with the highest ever sales in the company's history i.e. ₹ 1,629 Crores, reflecting a growth of 23 % over the previous year. Our EBITDA stood at ₹ 313 Crores, margins expanding to 19.0%, up from 16.5% last year. Net profit for the year reached ₹ 211 Crores. 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.

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 exclusive sales agreement with Universal MEP Projects and Engineering Services Limited (a Voltas subsidiary) has opened additional distribution channels in the textile industry.

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. As a part of the continuing effort to enhance in-house manufacturing, the Company inaugurated new manufacturing facility to make LFC (Lost Foam Castings) for our various compressors. LFC range of cast iron, SG iron and steel castings for our compressor parts have been commissioned.

The Company also inaugurated new manufacturing facility to manufacture the Tyche range of semi hermetic compressors at Saswad.

In order to commemorate the 50th Annual General Meeting of the Company, the Board of Directors has paid / recommended a total dividend of 500% for the FY 25. This marks the highest dividend payout in the Company's history and reflects our strong performance and commitment to delivering value to our shareholders.

### **Compression Business**

Your company is essentially in the business of Compressors and Compression systems for Air, Refrigeration and Gas. The Compression segment registered a strong growth over the previous year by earning revenue of ₹ 1,529 Crores which contributed 94% of our total revenue.

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 Refrigeration Compression business grew strongly on the back of cold chains and ice plants, dairy industry, food processing, pharma, chemicals, and fertilizer industries. The Khione Refrigeration package has shown steady growth in sales, and the Company anticipates further expansion in this segment. The recent acquisition of Systems and Components India Private Limited is expected to enhance product integration and market access, further strengthening the Company's presence in the refrigeration domain. In addition your Company offers Refrigeration Packages for the Oil & Gas sector, fertilizer & petrochemical projects. 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 deg.

The Process Gas business continues to throw up 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. The new energy business both in hydrogen and biogas are growing, but it is yet to pick up significantly in terms of execution.

### **Sustainable Business Practices**

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.

### **R&D Initiatives**

Innovation continues to be central to our strategy. With more than in aggregate 40 intellectual property filings or grant 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.

The Audited Financial Statements including Consolidated Financial Statement for the financial year ended 31<sup>st</sup> March, 2025 together with the Report of the Auditors' and Board of Directors thereon is being placed for your consideration and adoption at Item No. 1 of the Notice.

**DIVIDEND**

During the FY 25, the Board had declared an interim dividend of ₹ 3.50 (175%) per Equity Share of ₹ 2/- each. Further, the Board has recommended a final dividend of ₹ 6.50 (325%) per Equity Share of ₹ 2/- each and will be paid to the eligible members subject to your approval at Item No. 2 of the Notice.

**DIRECTORS**

Mr. Atul Kirloskar, Non-Executive and Non-Independent Director, who is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment as a Director. The re-appointment is placed before you by way of an Ordinary Resolution at Item No. 3 of the Notice.

Mr. Mahesh Chhabria, Non-Executive Director resigned from the Board with effect from March 31, 2025. The Board and the Company place on record their sincere appreciation for his valuable guidance, support and advice extended by him during his tenure.

Mr. Deepak Bagla, Non-Executive and Independent Director has joined the Government of India as Mission Director for Atal Innovation Mission and therefore to avoid any potential conflict, resigned from the Board with effect from July 19, 2025. The Board and the Company place on record their sincere appreciation for his valuable guidance, support and advice extended by him during his short tenure.

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee, at their Meeting held on April 24, 2025 recommended the appointment of Ms. Varsha Vasant Purandare as an Additional Director in the category of Independent Director with effect from April 24, 2025 till April 23, 2030. The said appointment of Independent Director is being considered by way of a Special Resolution at Item No. 5 of the Notice.

## **AUDITORS**

M/s. Sudhir Govind Jog has been appointed as Cost Auditor of the Company. However, their remuneration needs ratification by the Company and the same is being considered by way of an Ordinary Resolution at Item No. 4 of the Notice.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and on the recommendations of the Audit Committee and the Board of Directors the appointment of M/s SVD and Associates, Practicing Company Secretaries is being considered by way of an Ordinary Resolution at Item No. 6 of the Notice.

## **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 customized solutions for many applications and industries helps us to meet the growing customized 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 growth aspirations.

## **ACKNOWLEDGEMENTS**

On behalf of the Board, further I wish to place on record our gratitude to our bankers for their encouragement & support and to all Directors, employees, customers, vendors and channel partners for their valuable contribution for the results achieved during the year. In addition, my thanks to you, for your support as shareholders and for the keen interest shown in the performance of the Company.

I thank all of you for your continued trust in the Board and the Management and look forward to your continued support in our limitless journey ahead.

If you have any questions on the Report and Accounts, I shall be happy to answer them.