

Ref.: SEC&LEG/1033

June 28, 2024

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
Scrip Code – 505283

National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.
NSE Symbol: KIRLPNU

Dear Sir / Madam,

Sub: Annual Report and Notice of the 49th Annual General Meeting

Pursuant to the Regulation 34 and any other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations, 2015”), we enclose herewith the Annual Report including Notice of the 49th Annual General Meeting (“AGM”) of the Company for the financial year 2023-24.

In compliance with provisions of the Companies Act, 2013 (‘the Act’) and rules thereof, as amended, read with 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 and the General Circular No. 10/2022 dated 28th December, 2022 and the General Circular No. 09/2023 dated 25th September, 2023 issued by the Ministry of Corporate Affairs (“MCA Circulars”) and the LODR Regulations, 2015 read with the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October, 2023 read with Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July, 2023 (hereinafter referred as ‘SEBI Circulars’), the Annual Report including the Notice of the AGM is being sent only to those members, whose email addresses are registered with the Company / Registrar and Share Transfer Agent (“RTA”) / their respective Depository Participants (“DP”).

The Annual Report containing the Notice of the 49th AGM has been uploaded on the website of the Company viz., www.kirloskarpneumatic.com

You are requested to kindly take the same on your record.

For Kirloskar Pneumatic Company Limited

Jitendra R Shah
Company Secretary
Membership No. 17243
Encl.: As above

cc.: National Securities Depository Limited (NSDL)
Central Depository Services India Limited (CDSL)

Kirloskar Pneumatic Company Limited
A Kirloskar Group Company

Regd. Office: Plot No. 1, Hadapsar Industrial Estate, Hadapsar,
Pune, Maharashtra 411013
Tel: +91 (20) 26727000
Fax: +91 (20) 26870297
Email: sec@kirloskar.com | Website: www.kirloskarpneumatic.com
CIN: L29120PN1974PLC110307



GROWTH

Built on manufacturing excellence

Kirloskar Pneumatic Company Limited
A Kirloskar Group Company

Annual Report 2023-24

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. This report also aligns with the Companies Act, 2013, Indian Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

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 International Integrated Reporting Council (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 exclusively to KPCL's standalone operations.

Reporting period

The major reporting period for the Annual Report is 1st April, 2023 to 31st March, 2024. 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 Report' has been duly incorporated as part of this report.

Stakeholder feedback

Stakeholders' constructive participation and feedback are welcomed and appreciated. Please send us your feedback to:







Email: sec@kirloskar.com

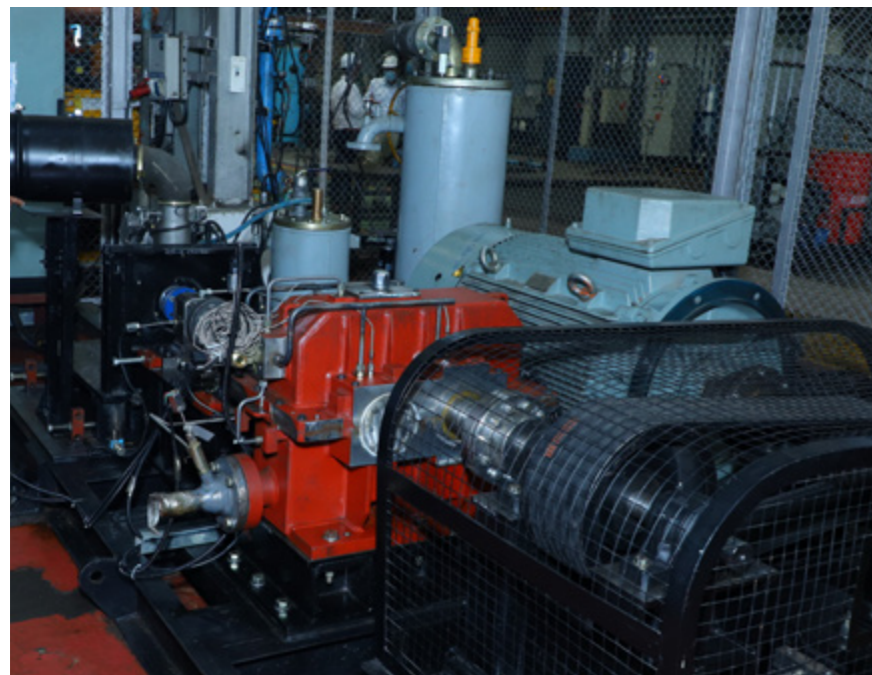
Website: <https://www.kirloskarpneumatic.com>

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.

Our Capitals

-  Financial Capital
-  Manufactured Capital
-  Intellectual Capital
-  Human Capital
-  Social and Relationship Capital
-  Natural Capital



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Financial Statements



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



Limitless

As society changes and progresses, we at Kirloskar keep up with the pace by constantly evolving. Our philosophy, which has been the foundation of our organisation for over 135 years, focuses on the progress of humanity.

We encourage our customers to boldly embrace the future by breaking free from convention and living up to their limitless potential.

Guided by our values, we have a vision that propels us towards an exciting future full of endless possibilities. With innovation as our driving force, we engineer solutions for tomorrow, always keeping human progress at the forefront. We strive to see beyond challenges and envision the unlimited potential that the future holds.

Being limitless also means a firm commitment to the values we live by: Innovative Thinking, Empathy, Collaboration, Integrity, Excellence, and Value Creation. By designing groundbreaking solutions, we create avenues for innovative services that address problems, generate value for our customers and society and hope to exceed their expectations. We operate with empathy and a strong commitment to moving forward together with our customers and partners because, together, we are limitless.

Growth



Built on manufacturing excellence

For over six decades, we have retained our reputation as a manufacturing powerhouse. With the ability to consistently design and deliver bespoke solutions for a diverse customer profile, our progress has been proof of our relentless drive to meet the evolving expectations of our clients.

Our expertise in understanding specific customer needs sharpens our manufacturing prowess, guiding us to work on innovative ideas and showcase our engineering mettle.

Backed by our world-class R&D team and technological expertise, we have specialised in the production of Industrial Air, Refrigeration and Gas Compressors and Compression Systems. Our customer-centric approach has empowered us to offer customised products, meet stringent quality parameters for domestic as well as international markets and

build futuristic products that ensure customer satisfaction.

Our growth, therefore, is largely hinged on manufacturing excellence—a key driver for unlocking our limitless potential and embracing a sustainable growth trajectory.

Corporate information

Board of Directors

Mr Rahul C Kirloskar <i>Executive Chairman</i>	Mr Sunil Shah Singh
Mr K Srinivasan <i>Managing Director</i>	Dr Ajay Dua
Mr Atul C Kirloskar	Mr G Krishna Rao
Mr Mahesh Chhabria	Mrs Nalini Venkatesh
	Mr Tejas Deshpande
	Mr Pravir Kumar Vohra

Chief Financial Officer

Mr Ramesh V Birajdar

Company Secretary

Mr Jitendra R Shah

Auditors

Kirtane & Pandit LLP,
Chartered Accountants

Secretarial Auditors

M/s SVD & Associates,
Company Secretaries

Bankers

Bank of India
Bank of Maharashtra
ICICI Bank Ltd
HDFC Bank Ltd

Registered Office

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

Registrar and Share Transfer Agent

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		
	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Revenue from Operations	13,226	12,393	10,212	8,233	8,291	7,103	6,065*	5,533*	5,089	4,410
Profit Before Tax	1,779	1,433	1,141	839	720	802	727	714	517	284
Profit After Tax	1,333	1,086	849	638	535	553	499	538	364	226
Dividend (%)#	325	275	200	175	135	125	120	100	70	50
Dividend Per Share (₹)#	6.50	5.50	4.00	3.50	2.70	2.50	12.00	10.00	7.00	5.00
Earning Per Share (₹)#	20.60	16.82	13.19	9.94	8.33	8.60	38.88	41.87	28.32	17.58
Book Value Per Share (₹)#	142.75	123.00	102.17	91.59	77.02	76.90	359.38	331.48	250.34	230.43
Share Capital	129	129	129	129	128	128.44	128.44	128	128	128
Reserves and Surplus	9,117	7,822	6,456	5,758	4,818	4,810	4,487	4,129	3,087	2,831
Shareholders' Funds	9,246	7,952	6,585	5,886	4,946	4,938	4,616	4,258	3,215	2,960
Loan Funds	-	-	-	400	278	5	7	-	-	-
Total Capital Employed	9,246	7,952	6,585	6,286	5,224	4,944	4,623	4,258	3,215	2,960
Net Block	2,319	2,234	2,294	1,750	2,067	1,218	748	794	817	971

Notes:

- The Company transitioned into Ind AS from 1st April, 2016.
- *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).
- #The equity shares of the Company were sub-divided from ₹ 10/- per share to ₹ 2/- per share w.e.f. 27th September, 2018.

About Kirloskar Group

An inspiring beacon of innovation and excellence

Built over decades and powered by a rich legacy, Kirloskar Group has always evolved with a sharp focus on fulfilling the needs of the future through innovation and proactive execution.

The Group's legacy dates back to 1888, pre-independent India when indigenous entrepreneurship and business acumen were largely unheard of. It was in the early 1900s that our first products the iron plough and chaff cutters were introduced by our founder Honourable Late Shri Laxmanrao Kirloskar to encourage modernisation in the agricultural and farming sector. This step unveiled a series

of engineering innovations in the decades that followed, creating employment opportunities and benefiting millions of people in India and worldwide.

Today, our Group operates across diverse sectors, including agriculture, manufacturing, food and beverage, oil and gas, infrastructure and real estate. However, strong focus on

growth, diversification, innovation and sustainability remains the key characteristic of Kirloskar companies.

The saga that began with the vision and initiative of our founder more than a century ago continues to grow and add exciting new chapters, as the Group expands its horizons and touches more lives.

Our Businesses



Kirloskar Pneumatic Company Limited (KPCL)

Air and Gas Compressors, Refrigeration systems and Gears



Kirloskar Oil Engines

Engines, Gensets, Farm mechanization, Pumps and Electric Motors



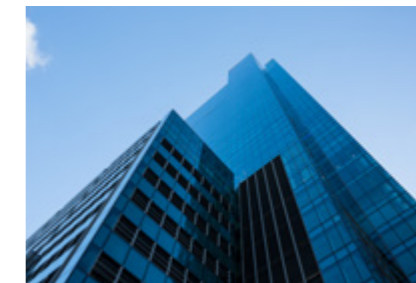
Kirloskar Ferrous and ISMT

Pig Iron, Iron Castings, Steel, Seamless Pipes and Value added products



Kirloskar Chillers

Chillers



Kirloskar Industries

Unregistered Core Investment Company, Real Estate



ARKA Fincap

Financial Services and Lending

Kirloskar Group in numbers

135+

Years of Excellence

5

Listed companies

₹ 451,010 Mn

Market Cap**

7,000+

Total Group employees#

₹ 108,303 Mn

Combined shareholders' funds*

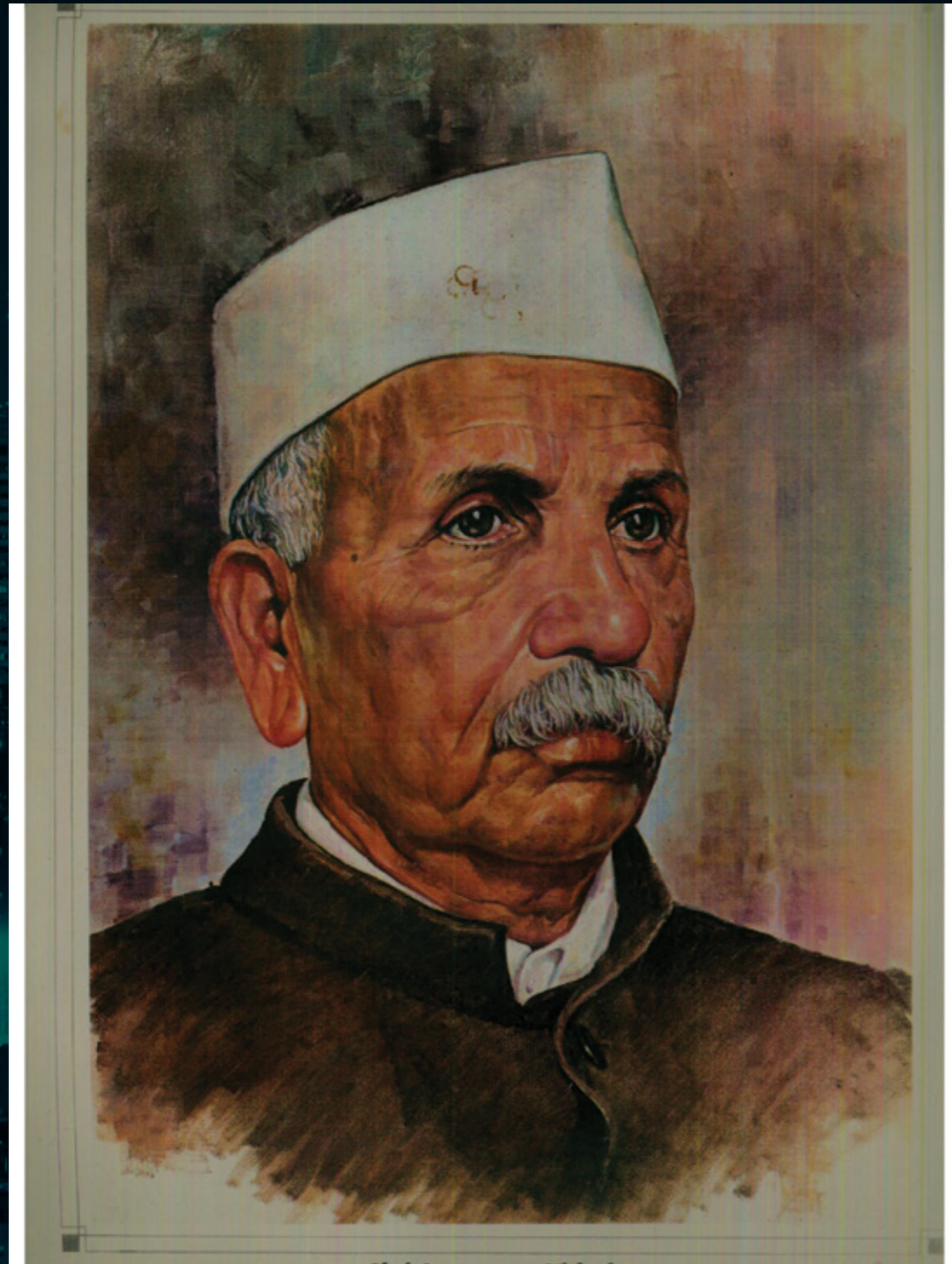
*Listed companies include Kirloskar Ferrous Industries Ltd., Kirloskar Industries Ltd., Kirloskar Oil Engines Ltd., Kirloskar Pneumatic Company Ltd. and Indian Seamless Tubes Ltd. (ISMT).

**Market cap based on closing market price of 31st May, 2024.

#Includes employees on payroll.

A legacy of innovation

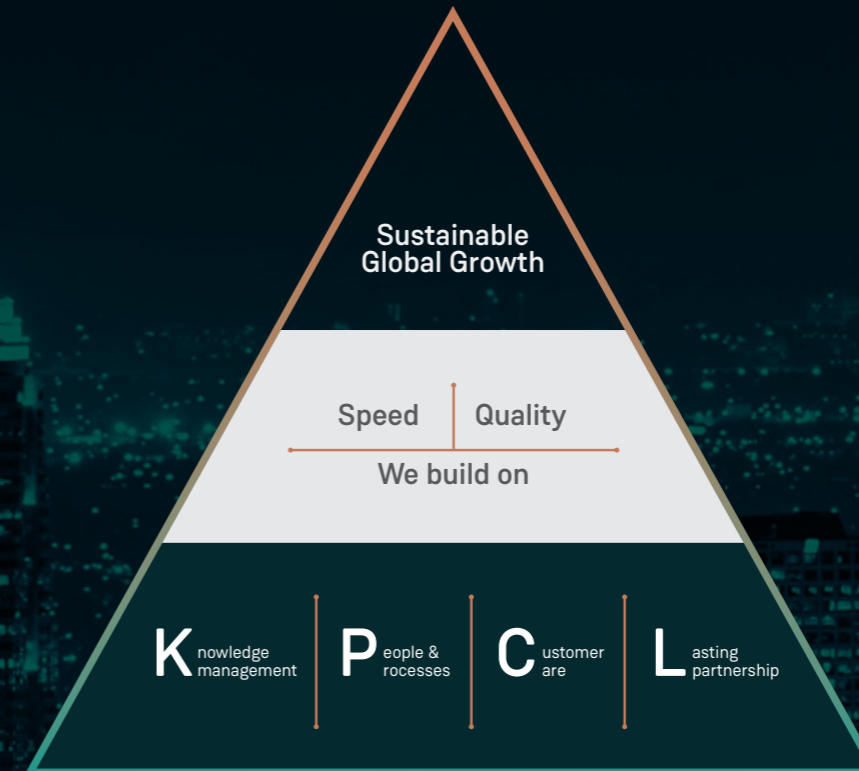
135+ years of building solutions, partnerships and futures



Founder - Kirloskar Group
Late Shri Laxmanrao Kashinath Kirloskar



Vision



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.



Values that define us

- | | | |
|--|--|--|
| <p>01</p> <p>Excellence
In everything we do, quality without compromise</p> | <p>02</p> <p>Integrity
Say what we do, and do what we say</p> | <p>03</p> <p>Collaboration
We grow with people and partners</p> |
| <p>04</p> <p>Towards all Stakeholders</p> <p>Empathy
We always listen and learn</p> | <p>05</p> <p>Towards all Stakeholders</p> <p>Value creation
We're building for a shared prosperous future</p> | <p>06</p> <p>Innovative thinking
Be bold and brave, & stay relevant</p> |

About KPCL

For over six decades, we at Kirloskar Pneumatic Company Limited (KPCL) have sustained our position as a trusted leader in industrial pneumatic equipment, specialising in air compressors, gas compressors and pneumatic tools.

Our core operations encompass the design of bespoke compressors and compression systems tailored to meet our customers' specific needs. A major portion of our business is made-to-order.

We have a team comprising over 100 engineers in design and engineering who relentlessly innovate and develop offerings that are both cutting-edge and high-performing.

Determined to stay ahead of the curve, we leverage digitalisation to streamline workflows and enhance customer satisfaction. Further, as a responsible corporate citizen, we encourage the adoption of sustainable business practices to minimise our carbon footprint and ensure that we conduct our business ethically.

Product Offerings

- Air Compressors
- Refrigeration Compressors and compression systems
- Gas compressor and compression systems
- Others

Industries Served

- Oil and Gas
- Pharmaceuticals and Chemicals
- Food and Beverage processing
- Automotive Engineering
- Steel and Aluminium
- Marine
- General Engineering
- Power Generation

FY 2024 key figures

₹ 13,226 Mn

Revenue

₹ 79,396 Mn

Market Capitalisation as on 31st May 2024

792

Permanent Employees

₹ 551 Mn

Capex

₹ 21.22 Mn

CSR Expenditure

₹ 2,130 Mn

EBITDA

60%

Renewable energy in electricity production

₹ 14,750 Mn

Order board

21,200+ Sq.ft

Green wall

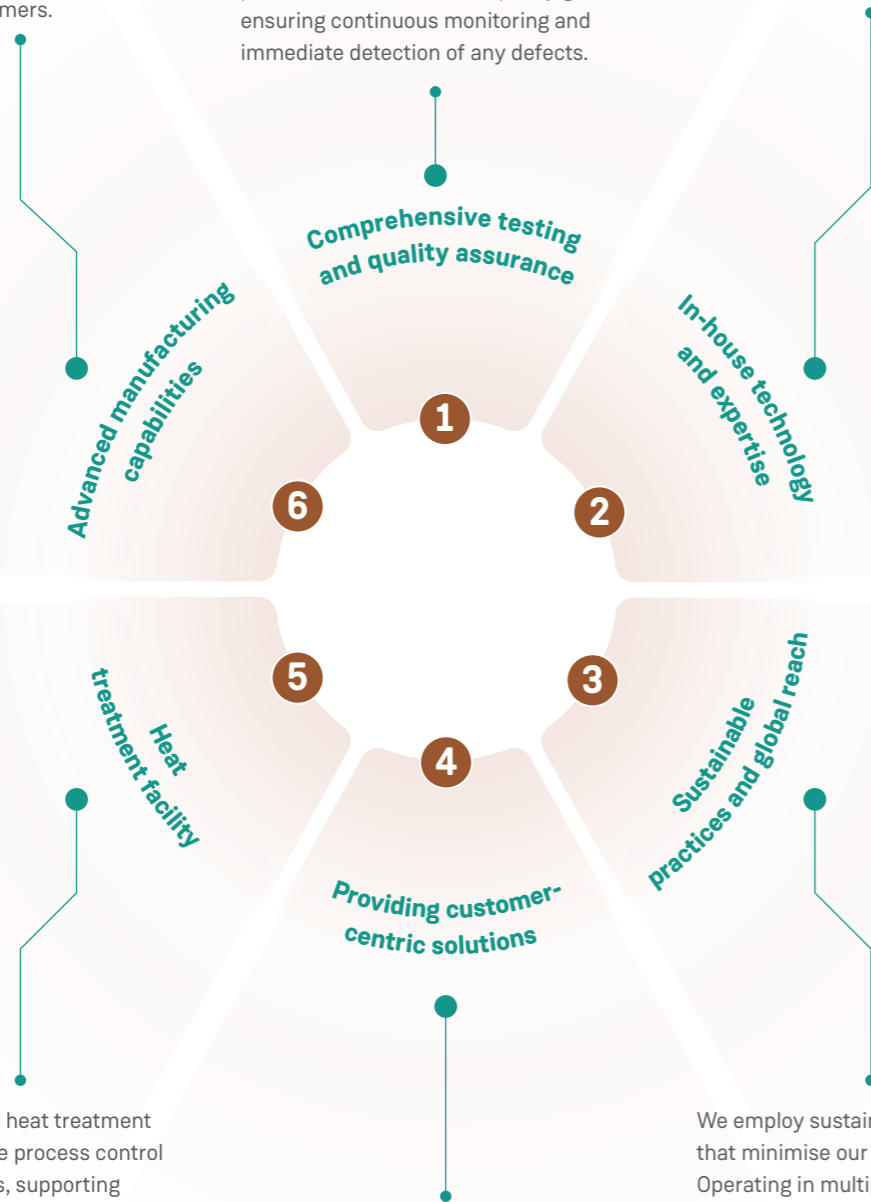


Our leading edge

We operate state-of-the-art facilities equipped with the latest CNC machines. This enables in-house machining of critical parts and rapid model changeovers. By regularly investing in our processes, we have streamlined delivery times, ensuring consistent, high-quality products for our customers.

At KPCL, unique testing facilities are in place, including a CNG testing bed for high-capacity compressors. In-house radiography shot blasting and specialised painting rooms ensure that our products meet international quality standards. Real-time quality data is also generated through checkpoints within the production process, known as in-line quality gates, ensuring continuous monitoring and immediate detection of any defects.

We collaborate with leading institutions for screw profile design and operate one of the most advanced screw cutting plants globally. Our machine shop produces high-quality components for various compressors, supported by a dedicated foundry and NABL-approved laboratory.



Our SCADA-controlled heat treatment facility ensures precise process control for critical applications, supporting processes such as carburising, hardening and tempering. Large quench tanks and backup power systems ensure continuous operations.

We are dedicated to providing innovative, customised solutions to meet our customers' specific needs. By closely aligning with our customer needs, we deliver quality products, which have garnered numerous accolades. This approach motivates us to strive for excellence and innovation.

We employ sustainable practices that minimise our carbon footprint. Operating in multiple countries, we consistently expand our market presence while prioritising quality and customer satisfaction.

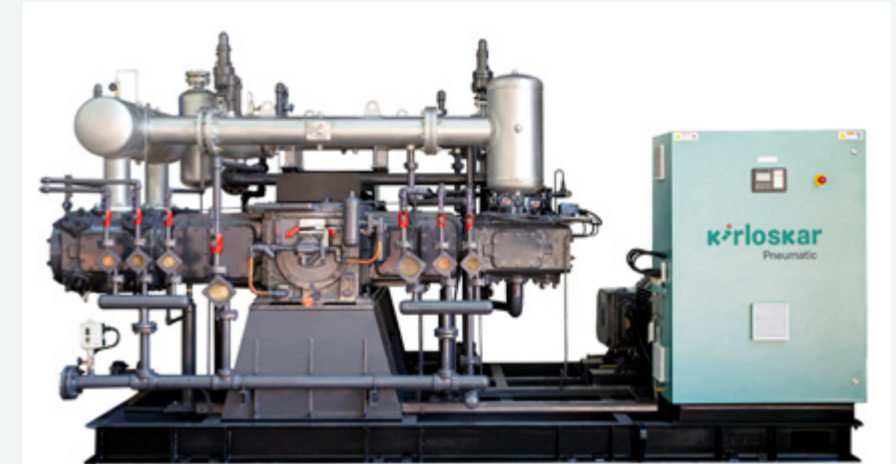
A distinct product portfolio

At Kirloskar Pneumatic Company Limited (KPCL), we harness our manufacturing expertise to develop innovative, customised solutions for diverse downstream industries. Our proficiency in various compression technologies positions us as a trusted provider for our customers across multiple sectors.

Air Compressors

Reciprocating Air Compressors

These compressors are characterised by durability and high performance and are suitable for general industrial use. They cater to various sectors, including refineries, chemical, petrochemical and power industries.



Screw Air Compressors

Our screw air compressors promise energy efficiency and low maintenance. They are widely used in industries such as sugar, automobile ancillaries, railways, mining and cement.

Centrifugal Air Compressors

Ideal for high capacity and continuous operations, our centrifugal compressors are capable of handling capacities from 1,600 to 9,200 CFM, expanding to 14,000 CFM. These products find applications in multiple industries that require robust and reliable performance.



Process Gas Systems

CNG Packages

KPCL offers comprehensive CNG compression solutions for a wide range of applications. Our CNG packages are engineered to operate across various pressure ranges and gas types, providing reliable performance for upstream, midstream, downstream and distribution sectors.



Gas Compression Systems

Our gas compression systems are tailored for the oil and gas industry, offering packages that ensure optimal performance and reliability. With over 1,000 installations worldwide, our systems are synonymous with efficiency, custom engineering and cost-effectiveness.

Transmission

Gears and Gearboxes

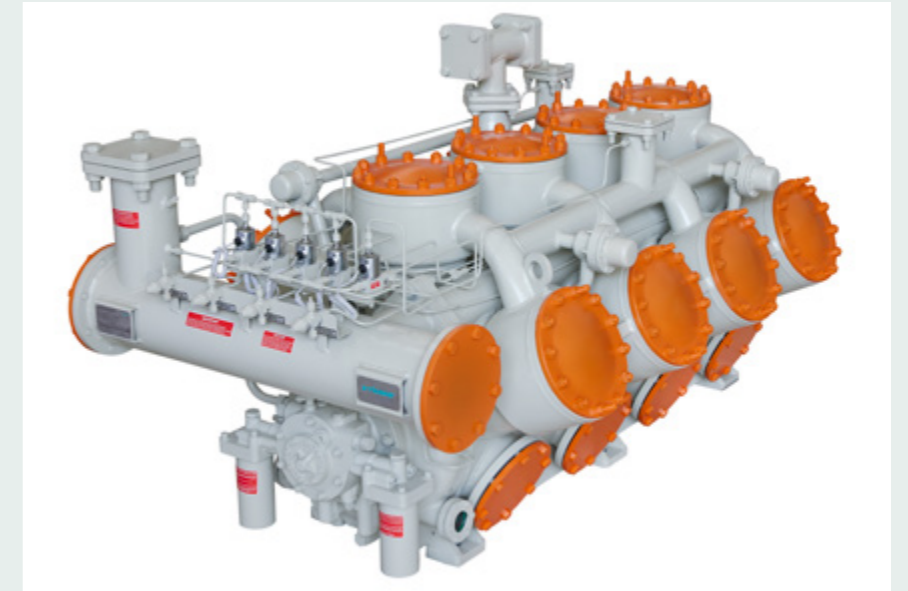
At KPCL, we have been a pioneer in manufacturing high-speed gearboxes for power generation and various other industrial applications. Our transmission solutions include custom-designed gears and gearboxes for railways, power, steel, cement, marine and other sectors. Equipped with state-of-the-art manufacturing facilities, in-house heat treatment furnaces and special-purpose machines, our gear products are known for their high performance and reliability.



Air Conditioning and Refrigeration

Reciprocating Compressors

Our reciprocating compressors are known for their efficiency and reliability, making them ideal for cold chain applications and various other industrial uses. These compressors are extensively used in the food processing, preservation, refinery, petrochemical, fertiliser, chemical and marine sectors.

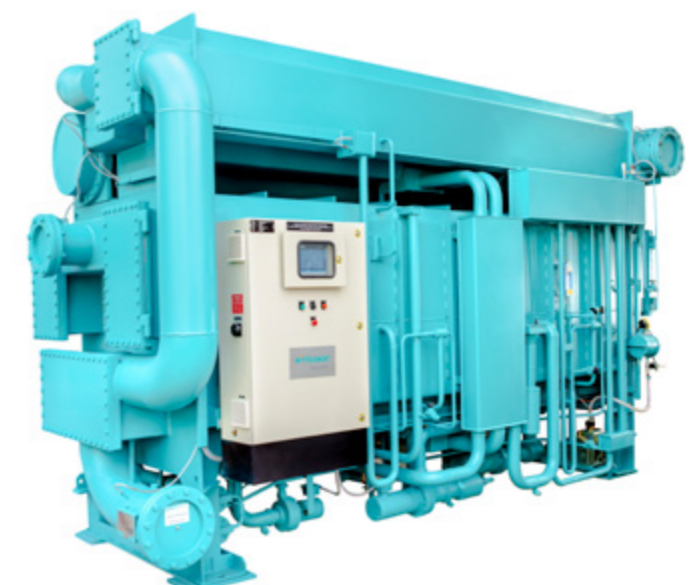


Refrigeration Systems

We offer robust and customised refrigeration systems tailored for sectors such as refineries, petrochemicals and other complex industrial processes. Our turnkey solutions encompass planning, design, manufacturing, installation and commissioning.

Vapour Absorption Chillers

Our energy-efficient vapour absorption chillers are suitable for process cooling and air conditioning needs, integrating seamlessly into diverse industrial applications to ensure optimal performance and sustainability.



Chairman's message



As we progress into FY 2025, we are intensifying our efforts in new product development, aiming to introduce a range of cutting-edge products that not only address current demands but also anticipate future trends and requirements.



Dear Shareholders,

It is both an honor and a privilege to address you, providing an overview of our performance for the financial year 2024 and outlining our strategic direction for the upcoming year.

Performance Overview FY 2024

The fiscal year 2024 posed notable challenges for us. While we observed robust growth in domestic sales, our exports, amounting to ₹69 Crore, fell by nearly ₹100 Crore compared to the previous year. Consequently, our overall sales growth was moderate, reaching ₹1,323 Crore, reflecting a 7% increase from the preceding year.

On the profitability front, our EBITDA margins improved to 16% from 14% in the previous year, resulting in a profit before tax of ₹178 Crore, marking a significant rise of almost 24% from the previous year. This improvement stems from our focused efforts on cost optimisation.

Strategic Focus on In-House R&D and New Product Development

Our relentless focus on in-house research and development has been fundamental to our success. In FY 2024, we substantially augmented our investment in R&D to foster innovation and maintain a competitive edge. Our R&D teams have been diligently engaged in developing new and enhanced products that align with the evolving needs of our customers. As a result of these endeavors, we filed as well as received / granted in aggregate 25 IPs during the year. In addition to this, we established a partnership with PDC Machines LLC USA to package their Diaphragm Compressors for various hydrogen compression applications, positioning us to cater effectively to the burgeoning hydrogen market in India with globally leading solutions.

As we progress into FY 2025, we are intensifying our efforts in new product development, aiming to introduce a range of cutting-edge products that not only address current demands

but also anticipate future trends and requirements. This strategic focus aims to enrich our product portfolio, ensuring we remain at the forefront of technological advancements in our industry.

Transition to Product-Based Sales

A pivotal strategic initiative for the near term is our transition towards selling more individual products rather than engineered packages. This shift is designed to mitigate the lumpiness in our business and provide a more stable and predictable revenue stream. By emphasising product-based sales, we aim to align our offerings with market demand, ensure greater flexibility, and enhance our ability to serve a broader customer base.

Nasik Factory: A Step Towards Backward Integration

The establishment of our new facility in Nasik signifies a significant milestone in our journey towards backward integration. This state-of-the-art factory underscores our commitment to operational excellence and strategically enhances our production capabilities. By internalising more manufacturing processes, we aim to expedite deliveries and capture greater value addition within our operations.

Equipped with advanced manufacturing technologies, the Nasik factory empowers us to produce critical components internally, reducing dependency on external suppliers and enhancing overall supply chain efficiency. This backward integration is poised to play a pivotal role in supporting our growth objectives and delivering superior value to our customers and stakeholders.

Committed to Employee Well-being

Recognised as an organisation that values its people, we prioritise the well-being of our teams, investing in their holistic development and fostering a culture of diversity and inclusion. Our goal is to create a dynamic workplace environment where every employee feels appreciated and motivated, thereby inspiring them to perform their best.

During the year, KPCL is honored to be recognised as a 2023 Kincentric National Best Employer Award winner. This prestigious award stands as a testament to our continued efforts to provide the best environment for our employees.

Sustainability at Our Core

As a responsible corporate, we are steadfast in meeting our obligations to the planet. Our focus on environmental stewardship rests on five key pillars, i.e., energy efficiency, emission reduction, water conservation, responsible waste management and biodiversity preservation. By adhering to these principles, we aim to contribute positively to environmental sustainability while simultaneously driving our business forward.



Equipped with advanced manufacturing technologies, the Nasik factory empowers us to produce critical components internally, reducing dependency on external suppliers and enhancing overall supply chain efficiency. This backward integration is poised to play a pivotal role in supporting our growth objectives and delivering superior value to our customers and stakeholders.



Looking Ahead

The global economy is transitioning into a new phase amidst ongoing geopolitical tensions and uncertainties. The initial scramble to diversify gas supplies has stabilised, creating a more balanced and resilient global market. This stability empowers businesses to plan and focus on sustainable development while leveraging emerging opportunities.

Given our India-centric approach, KPCL stands to benefit from the immense potential in our domestic market, supported by robust macroeconomic tailwinds. As India invests in key infrastructure such as gas pipelines and industries undergo expansion with increased capital expenditure, we anticipate stable demand growth in the domestic market.

As we look ahead to FY 2025, we remain steadfast in our strategic priorities, driving innovation through R&D, expanding our product offerings and optimising our operations through backward integration. We are confident that these initiatives will sustain our growth momentum, enhance our competitive edge and deliver long-term value to our shareholders.

The Board of Directors, subject to the approval of shareholders, has recommended a final dividend of ₹4, which is 200% of the face value, bringing the total dividend for the year to ₹6.50, which is 325% of the face value.

In closing, I extend my gratitude to our dedicated employees, loyal customers and valued shareholders for their unwavering support and trust in Kirloskar Pneumatic. Together, we will navigate the challenges and seize the opportunities that lie ahead.

Thank you for your continued commitment to our company.

Sincerely,

Rahul C Kirloskar
Executive Chairman

Objectives that keep us on track for growth

At KPCL, we are wired to achieve sustainable growth. To that end, we concentrate on enabling innovation, delivering customer-centric solutions and ensuring operational excellence. The strategies we executed during the reporting year were aimed at diversifying our portfolio, expanding our market reach and improving our operational efficiencies.

Our focus areas

Market Expansion and Innovation

New Product Development

Introduction of Tezcatlipoca Centrifugal Compressors, Atmos Aria Screw Compressors and Jarilo Biogas Compressors to meet diverse market needs

Biogas Segment Growth

Leveraging government initiatives for biogas stations to position KPCL as a leader in biogas compression solutions

Collaboration with PDC Machines

Offering complete diaphragm compressor packages for various industries and applications

Capitals impacted



Intellectual Capital



Natural Capital



Social and Relationship Capital



Manufactured Capital

Operational Excellence

Cost Control and Efficiency

Continuous focus on cost control measures and process improvements to enhance margins

Digital Transformation

Implementing advanced digital tools to streamline operations and improve the customer experience

New Manufacturing Facility

The opening of a new facility in Nashik, equipped with a 32-tonne forge hammer and fabrication facility to produce base frames, pressure vessels and heat exchangers. This facility will cater to both in-house and external customer demands, enhancing our production capabilities and reducing lead times

Capitals impacted



Intellectual Capital



Financial Capital



Manufactured Capital

Market Opportunities and Challenges

Domestic Market Focus

Prioritising growth in the Indian market to capitalise on domestic opportunities amid global economic stability

Export Strategy

Addressing lower exports to the MENA region by focusing on growth in Southeast Asia and other emerging markets.

Capitals impacted



Social and Relationship Capital



Financial Capital

Financial Performance

Revenue Growth

Targeting a healthy revenue growth supported by a strong order book and market demand

Margin Improvement

Aiming for improved EBITDA margins through product mix and efficient operations

Capitals impacted



Social and Relationship Capital



Financial Capital

Customer-centric Solutions

Customised Offerings

Providing tailored solutions for specific customer needs, such as HVAC systems for various marine applications

Service Expansion

Growing the O&M services business with an expanding installed base, ensuring long-term customer satisfaction

Capitals impacted



Human Capital



Social and Relationship Capital

Sustainable Practices

Customer-centric Product

Compression systems and solutions are designed to be versatile, efficient and cost effective, ensuring that customers get the most value for their investments

Reducing Carbon Footprint for manufacturing

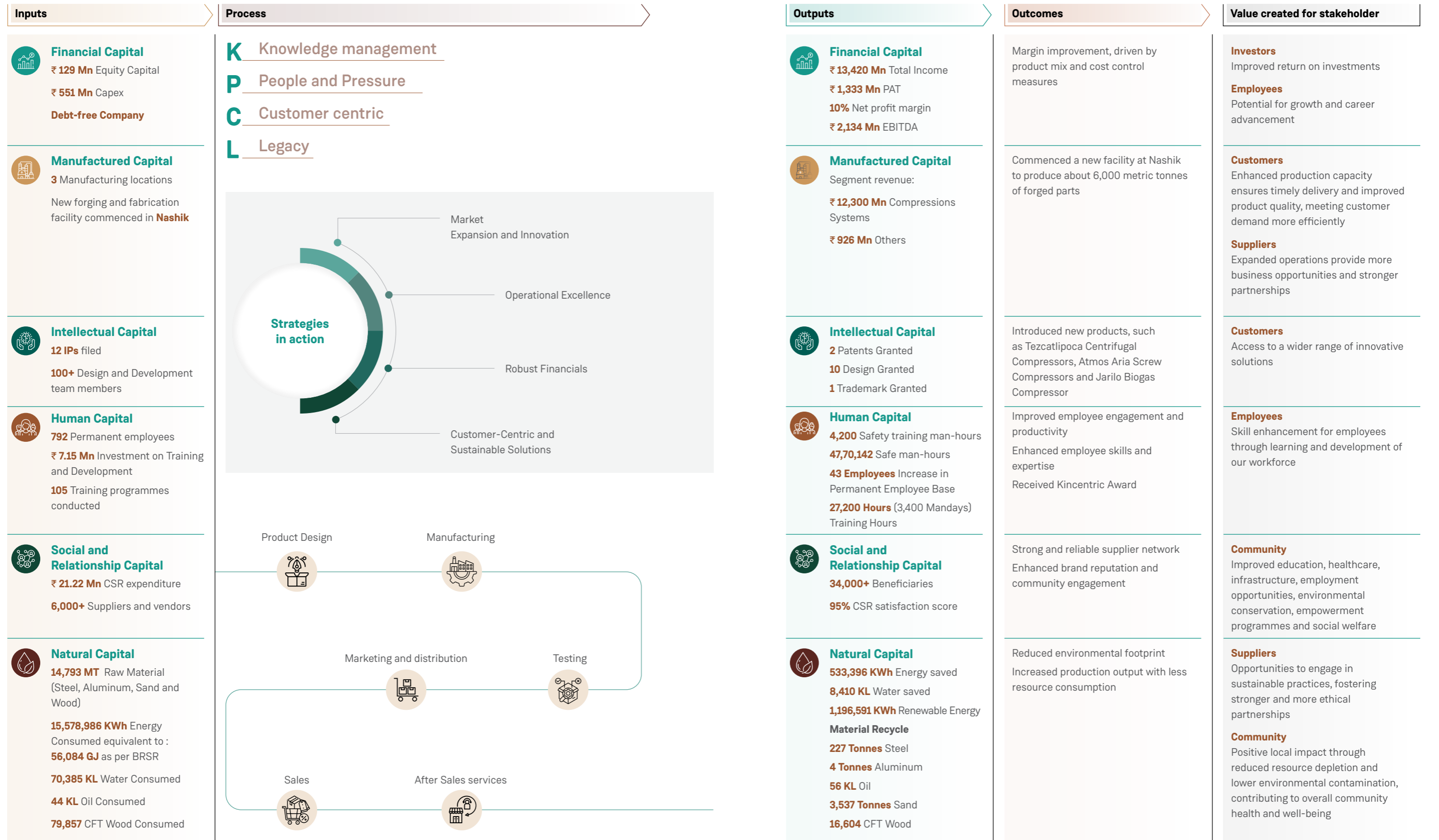
Implementing practices to minimise our environmental impact and promote sustainability

Capitals impacted



Natural Capital

Building on a robust growth model

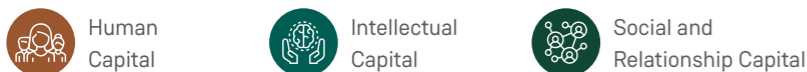


Fostering effective engagement

At KPCL, we recognise the crucial role of our stakeholders in achieving long-term business success and creating sustainable value. By nurturing strong relationships and promoting open communication, we aim to create a win-win situation for all involved. This table outlines our key stakeholder groups, their expectations and our engagement strategies, highlighting the various capitals that underpin these relationships.

Stakeholder Group	Expectations	Mode of Engagement	Added Value Elements
Employees	<ul style="list-style-type: none"> Learning and growth opportunities Diversity and inclusion Safe and healthy workplace Recognition and well-being 	Regular communication (weekly meetings, training programmes) Internal knowledge-sharing platforms Employee wellness initiatives Recognition programmes (awards and bonuses) Diversity and inclusion workshops	Skill development programmes, focused on future technologies Mentoring and coaching programmes to develop leadership skills Employee surveys to gather feedback and address concerns

Capital Linkage



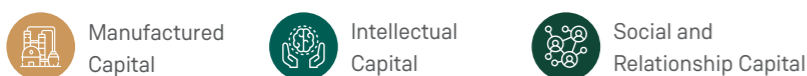
Stakeholder Group	Expectations	Mode of Engagement	Added Value Elements
Shareholders and Investors	<ul style="list-style-type: none"> Consistent financial returns Ethical business practices Risk management strategies Long-term financial sustainability 	Annual general meetings, Quarterly earnings calls and investor presentations Investor relations website Regular communication via email and media Transparency in financial reporting	Proactive engagement with analysts to address concerns Webcasts with senior management to discuss future plans Sustainability reports to highlight responsible practices

Capital Linkage



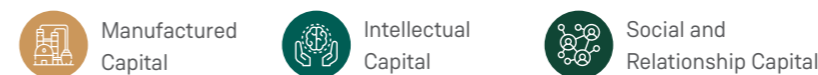
Stakeholder Group	Expectations	Mode of Engagement	Added Value Elements
Suppliers	<ul style="list-style-type: none"> Long-term partnerships On-time payments Competitive pricing Fair trade practices 	Regular supplier meetings and workshops Vendor satisfaction surveys Collaborations for innovation and cost-reduction initiatives Joint participation in industry exhibitions	Joint development of new technologies and materials Early access to new product roadmaps Supplier financing programmes to support growth

Capital Linkage



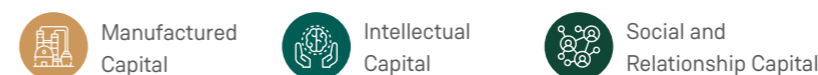
Stakeholder Group	Expectations	Mode of Engagement	Added Value Elements
Regulatory Bodies and Government	<ul style="list-style-type: none"> Compliance with laws and regulations Ethical business practices Strong governance framework Transparent reporting 	Regular communication and compliance filings Participation in industry forums and consultations Open communication regarding environmental and social impact Proactive engagement on policy issues	Advocacy for policies that support sustainable manufacturing practices Collaboration on industry-wide compliance initiatives Knowledge sharing on best practices

Capital Linkage



Stakeholder Group	Expectations	Mode of Engagement	Added Value Elements
Customers and Dealers	<ul style="list-style-type: none"> 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	Joint marketing initiatives to reach new markets Co-creation of new product features based on customer feedback Early access to new product launches and demonstrations Loyalty programmes and rewards for repeat business

Capital Linkage



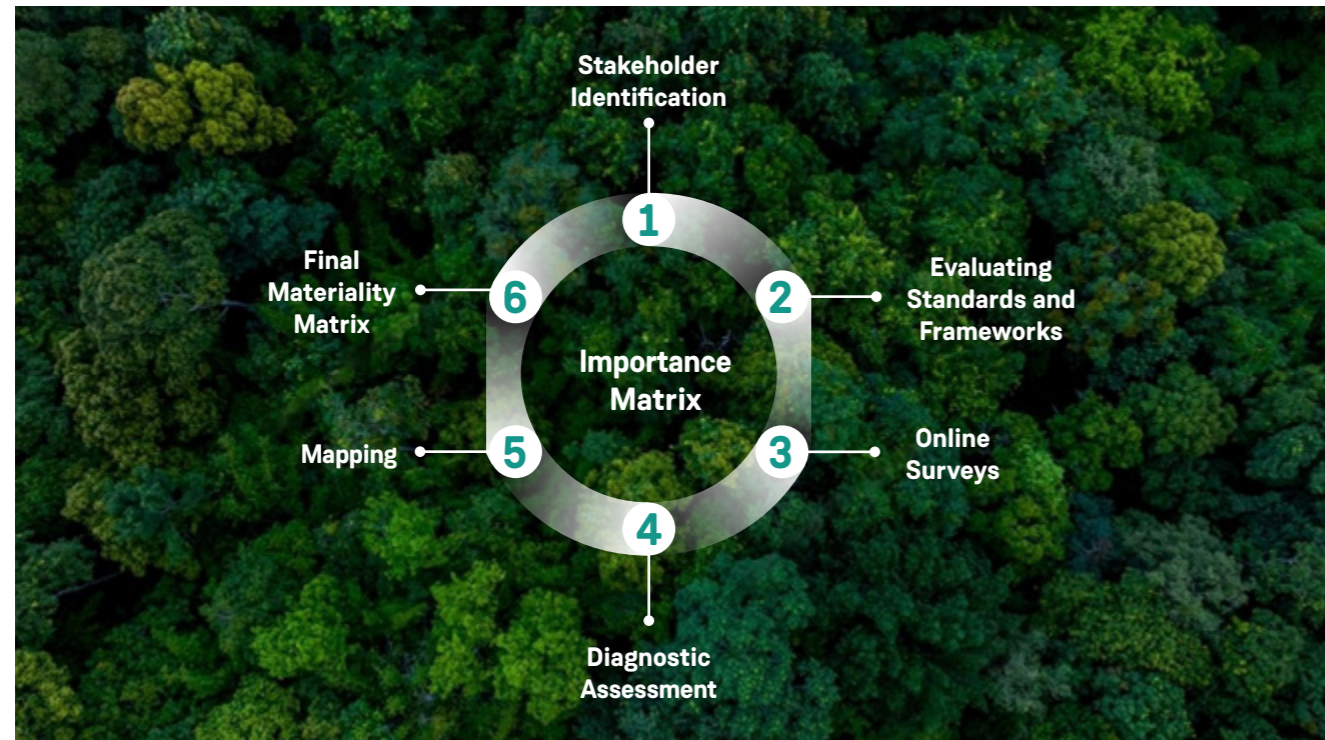
Stakeholder Group	Expectations	Mode of Engagement	Added Value Elements
Communities	<ul style="list-style-type: none"> Job creation Skill development Education and healthcare initiatives Women empowerment Rural infrastructure development 	Need-based CSR activities in partnership with NGOs Volunteer programmes for employee participation Community outreach programmes and awareness campaigns Regular communication through website and social media	Impact assessment of CSR initiatives to ensure long-term benefits Collaboration with local stakeholders on community development projects Investments in renewable energy and resource efficiency initiatives

Capital Linkage

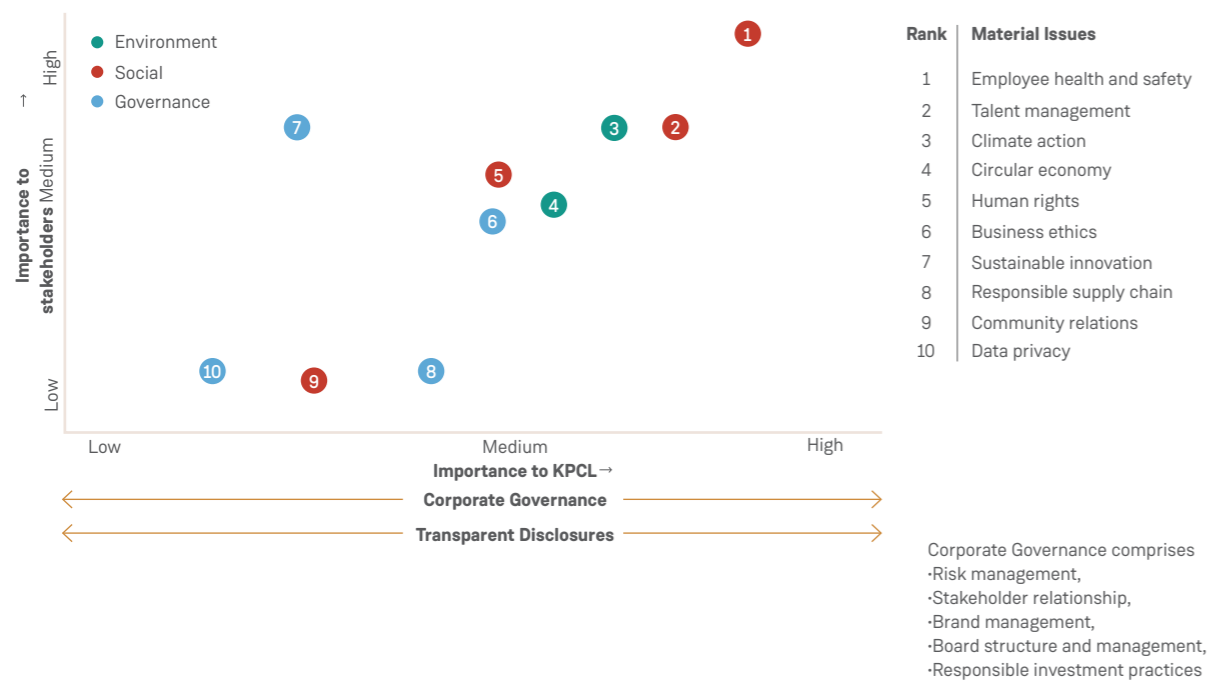


Identifying and assessing issues essential to us

In keeping with our commitment to safeguarding the best interests of our stakeholders, we focus on addressing key environmental, social and governance (ESG) issues. These are factors crucial to our business and our stakeholders. Our materiality assessment helps us identify and prioritise these critical issues, ensuring their prompt resolution.



Materiality matrix

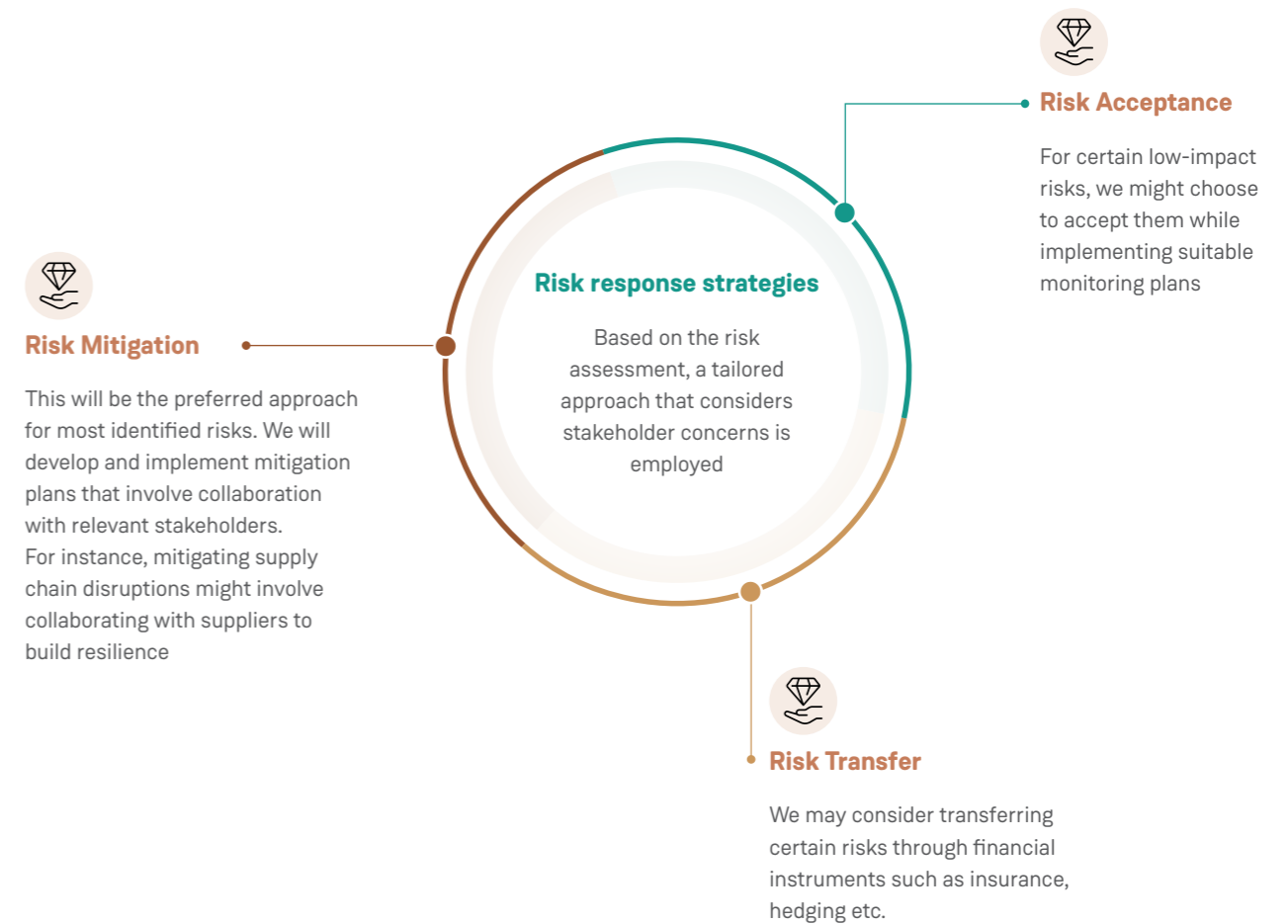


Adeptly navigating risks, enabling resilient growth

Since the outset, we have been focused on developing a robust risk management framework to strengthen our business resilience. We have in place an effective Risk Management Policy that emphasises ensuring business continuity even in challenging circumstances. This Policy promotes a proactive approach to identifying, evaluating, mitigating and reporting risks-all sharpening our focus on the impact we have on our stakeholders.

To achieve this objective, we have established a collaborative risk management framework that leverages diverse perspectives

<p>Cross-functional Risk Management Teams</p> <p>These teams comprise representatives from various departments and stakeholder groups to ensure a comprehensive view of potential risks</p>	<p>Periodic Review</p> <p>We conduct periodic reviews of our risk matrix to identify, assess and mitigate potential risks, ensuring proactive management and continuous improvement in our risk management</p>	<p>Board Oversight</p> <p>We maintain an oversight of the risk matrix through discussions and reviews by the board committee, ensuring comprehensive evaluation and strategic management of potential risks</p>
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Mitigation strategies

Category	Financial	Sectoral	Sustainability	Information and Cybersecurity	Market
Risk Example	Fluctuating currency rates	Intensifying competition	Evolving environmental regulations	Data breaches	Changing customer preferences
Impact on Stakeholders	Reduced profitability Increased production costs	Market share loss Reduced product margins	Legal repercussions Increase in cost Market share loss	Loss of customer trust Regulatory fines	Reduced demand for products
Capital at Risk	Financial Capital	Manufactured Capital Intellectual Capital Financial Capital	Natural Capital Social and Relationship Capital Financial Capital Manufactured Capital	Social and Relationship Capital Financial Capital Intellectual Capital	Manufactured Capital
Mitigation Strategy	Investments in currency hedging strategies Diversify revenue streams across different markets	Investments in R&D for innovative products Enhancing marketing and branding efforts	Implement sustainable practices throughout the production process Invest in clean technologies	Implement robust data security measures Regularly train employees on cyber hygiene practices	Conduct regular market research Develop products that cater to evolving customer needs
Mitigation Capital	Financial Capital	Financial Capital Intellectual Capital Social and Relationship Capital	Financial Capital Manufactured Capital Intellectual Capital	Financial Capital Human Capital	Financial Capital Intellectual Capital

Strong governance ensures sustained growth

At KPCL, we believe that effective corporate governance is the foundation for long-term growth and value creation in a dynamic business environment. This conviction leads us to foster a culture of transparency and accountability. We have our esteemed Board of Directors at the helm of our organisation, which guides our strategy and decision-making across all organisational levels. We adopt best practices in corporate governance to ensure adherence to the highest standards of integrity and ethical conduct.

Governance framework

To facilitate faster and more informed decision-making, we have instituted various committees with specific mandates. These committees comprise board members who possess the required expertise and experience to guide the Company in achieving its objectives.

Committees

Audit Committee

Mandate

Overseeing the financial reporting process, ensuring the accuracy and reliability of financial statements and monitoring the effectiveness of internal control systems

Responsibility

- Timeliness and accuracy of financial reporting
- Internal audit findings and resolution
- Compliance with regulatory requirements

Nomination and Remuneration Committee

Mandate

Reviewing and approving the appointment, remuneration and performance evaluation of executive directors, key managerial personnel and senior management

Responsibility

- Employee retention rates
- Performance against set objectives for senior management
- Diversity and inclusion metrics in leadership roles

Risk Management Committee

Mandate

Identifying, assessing and mitigating potential risks to the Company's business and ensuring that appropriate risk management policies and processes are in place

Responsibility

- Frequency and impact of identified risks
- Effectiveness of risk mitigation strategies
- Periodic review of mitigation plans

Corporate Social Responsibility (CSR) Committee

Mandate

Formulating and monitoring the Company's CSR policies, programmes and initiatives in line with statutory requirements and societal expectations

Responsibility

- CSR expenditure as a percentage of profits
- Implementation of action plan
- The number of beneficiaries of CSR programmes

Stakeholder Relationship Committee

Mandate

Addressing and resolving grievances of shareholders and other security holders in a timely and effective manner

Responsibility

- Resolution time for stakeholder grievances
- Stakeholder satisfaction
- Number of unresolved grievances

Our policies

We have developed a comprehensive set of policies to guide our operations and ensure compliance with applicable laws and regulations. These policies provide us with a robust framework for ensuring operational excellence throughout the organisation.

Nil

Whistle-Blower complaints*

Nil

PoSH Complaints*

60%

Independent Directors

*Ethics Helpline managed by third party

Areas of expertise and industry experience

Expertise

- Finance and Accounting
- Legal
- Operations
- Strategy
- Market Knowledge
- General Management

Industry Experience

- Manufacturing
- Engineering
- Compressed Air and Gas



Board of Directors



1

Ajay Kumar Dua
Independent Director

2

Atul C Kirloskar
Non-Executive
Non-Independent
Director

3

K Srinivasan
Managing Director

4

Pravir Kumar Vohra
Independent Director

5

G Krishna Rao
Independent Director

6

Rahul C Kirloskar
Executive Chairman

7

Tejas Deshpande
Independent Director

8

Nalini Venkatesh
Independent Director

9

Mahesh R Chhabria
Non-Executive
Non-Independent
Director

10

Sunil Shah Singh
Independent Director

Rahul C Kirloskar

Executive Chairman

Mr Rahul C Kirloskar has been associated with the Kirloskar Group of Companies for more than thirty five years at senior levels in different capacities. He started his career in the then Kirloskar Cummins Ltd. and later joined a family owned small-scale unit where he worked for a period of 3 years. In 1989, he joined erstwhile Kirloskar Pneumatic Company Ltd., (KPCL) as Sr. Manager Operations for the Air Compressors Division.

He was promoted as Joint Managing Director of KPCL in July 1991. He was also appointed as a Director on K.G. Khosla Compressors Limited in September 1993 with which KPCL was amalgamated in 2002. He continued to be a Director of the amalgamated Company which was renamed as Kirloskar Pneumatic Company Limited (the Company). In December, 1993 he was appointed as the Managing Director of KPCL and thereafter in September 1998, he took over as the Chairman of the Company. In June 2001 (till January 2012), he was appointed as the Director Exports of the Kirloskar Oil Engines Limited (KOEL).

He has participated in an intensive course for Management Professionals on Total Quality Management. He has played a pivotal role in focusing on the growth of the Company.

He took over as Executive Chairman of the Company from 2012. He had also been Chairman of Confederation of Indian Industry (CII) Pune Council as well as Maharashtra State CII Council.

Atul C Kirloskar

Non-Executive Non-Independent Director

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 Non - Executive Chairman of KOEL.

Currently, Mr Atul C Kirloskar is the Non - Executive and Non - Independent Director 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.

Sunil Shah Singh

Independent Director

Sunil Shah Singh graduated with a B. Tech from the Indian Institute of Technology, Delhi. He has experience in various fields such as purchase, material management, manufacturing, marketing and overall business operations. He has held numerous key positions such as M.D. of ITD Cementation India Limited, President of Tetra Pak processing and Country Head of Energy Work India. He was also a member of the Construction Federation of India, Construction Industry Development Council and the National Institute of Construction Management and Research.

Tejas Deshpande

Independent Director

After completing his studies from ILS, Law College, Pune, Tejas Deshpande has been practicing law for the last 20 years. He predominantly has a litigation practice, in various courts, with focus on High Court, Mumbai and Supreme Court of India. He specialises in real estate, infrastructure and company law related cases.

Mr. Tejas Deshpande assisted in writing and researching book 'Kuler - Indian Contract Act' on Indian Contract Act published in 2003. He also assisted in researching book 'Pollock & Mulla - Indian Contract Act and Specified Relief Acts' which was edited and republished in 2004.

Currently, Mr. Tejas Deshpande is on the Board of Kirloskar Industries Limited and Eleganz Interiors Limited

Nalini Venkatesh

Independent Director

Nalini Venkatesh is a lawyer by profession and has been a legal consultant since 1987. She has experience in handling both civil and criminal cases in the High Court of Karnataka and other Courts, including Labour and Company Courts. She has represented various corporations, including ONGC, Urban Development Authorities, universities and other statutory institutions in matters with respect to the Factories Act, Workmen's Compensation Act, Negotiable Instrument's Act and labour disputes. She has been a Director of the Company since 2018.

Ajay Kumar Dua

Independent Director

Dr. Ajay Dua is a graduate of St. Stephen's College, Delhi where he received an Honours Degree in Economics. He was awarded a Ph.D. by the University of Bombay for his work on the Economics of Urban Renewal Programmes. He joined the Indian Administrative Services in 1971. He has held a variety of senior assignments in the Government of Maharashtra and the Government of India. Currently, he is a senior business advisor to several multinational corporations.

Mahesh R Chhabria

Non-Executive Non-Independent Director

Mahesh Ramchand Chhabria, has been Managing Director of Kirloskar Industries Limited since July 2017. Prior to this, he worked as a Partner with Actis, where he was responsible for advising Actis Global LLP to invest money in private equity and buy-out space in India. Actis Global LLP is a leading private equity fund in the emerging market space.

He has also previously worked at 3i India, where he was a partner in the firm's Growth Capital Group and the lead partner globally for the Healthcare sector, heading up and contributing to 3i investments in India and international markets. Before moving to private equity in 2006, he was the co-head of investment banking at Enam, one of the leading domestic investment banks in India.

He is a regular speaker at various industry forums and a contributor to most Indian business publications. He holds a Bachelor of Commerce from the University of Mumbai and is an Associate Member of the Institute of Chartered Accountants of India.

Pravir Kumar Vohra

Independent Director

Pravir Kumar Vohra is a postgraduate in Economics from St. Stephen's College, University of Delhi and a Certified Associate of the Indian Institute of Bankers. He began his career in banking with State Bank of India where he worked for over 23 years. He held various senior level positions in business as well as technology within the bank, both in India and abroad. In January 2000, Mr. Pravir Kumar Vohra moved to the ICICI Bank group where he headed a number of functions such as the Retail Technology Group and Technology Management Group. In these capacities, he oversaw the deployment of technology across ICICI Bank's domestic and international operations and was instrumental in creating a future-ready, platform independent and scalable infrastructure.

From the year 2005 to 2012, he was the President and Group CTO at ICICI Bank. Post his retirement from ICICI Bank in the year 2012, he mentored start-ups in the payments space and more recently, completed a two-year assignment to set up the Tech and Ops function at New Development Bank, Shanghai. He is passionate about leveraging the power of available and emerging technologies to solve real life business issues, improve operating efficiency, design new products and processes that would touch the lives of the Indian people.

G Krishna Rao

Independent Director

Krishna Rao (B.Com, A.C.A, and I.C.I.I.) has held a senior position in the General Insurance Corporation of India for several years and has a vast body of experience in Finance and Insurance matters.

K Srinivasan

Managing Director

K Srinivasan is a Graduate in Mechanical Engineering from REC, Surathkal, Karnataka. He held the position of Vice President at Wendt India Limited before joining Carborundum Universal Limited in 1999. He was the Managing Director of Carborundum Universal Limited from 1st February 2005 and superannuated on 22nd November 2019. He has also served as a Director on boards of various Indian and foreign Companies.

Senior management



Left to Right

Jitendra Shah
Company Secretary
and Head Legal

Ramesh Birajdar
Vice President-
Finance and CFO

N Vijaykumar
General
Manager- Defence

Deepak Lokras
President

Rahul Kirloskar
Executive
Chairman

Aman Kirloskar
Associate Vice
President-ACR

Ganesh Chaudhari
General
Manager- HR

K Srinivasan
Managing
Director

Sanjay Grover
Vice President -
IBD



Financial capital

Recognising the importance of maintaining a healthy balance sheet, we continue to focus on prudent capital allocation to foster sustainable growth. With a focus on generating optimum return on investment, we remain committed to ensure value creation for shareholders.

Key Performance Highlights

₹ **13,226** Mn

Revenue

₹ **2,134** Mn

EBITDA

₹ **1,779** Mn

PBT

*as on 31st May 2024

₹ **1,333** Mn

PAT

₹ **79,396** Mn

Market Capitalisation*

₹ **14,750** Mn

Order book (28% YoY Increase)

SDGs impacted



Capital Interlinkage

Financial Capital



Manufactured Capital

Investments in state-of-the-art manufacturing facilities boost our operational efficiency and product quality



Intellectual Capital

Financial backing fuels our R&D efforts, improves the scope of innovation and enables us to retain a competitive edge



Human Capital

Financial resources empower us to nurture employee development and improve productivity



Social and Relationship Capital

Strong financial health allows us to engage in long-term partnerships and community initiatives, building trust and loyalty

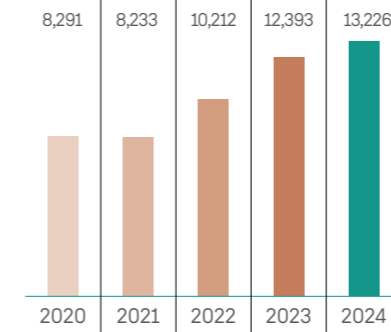


Natural Capital

Allocating funds for improving sustainable practices and adopting advanced technologies to reduce our environmental impact

Total Income

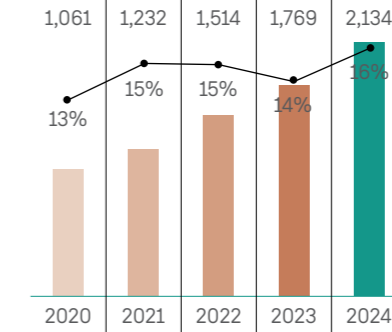
(₹ Mn)



▲ **10%** 5 Year CAGR

EBITDA / EBITDA Margin

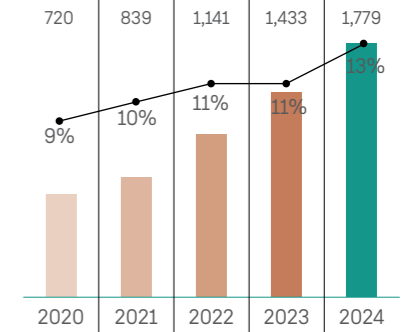
(₹ Mn) / (%)



▲ **15%** 5 Year CAGR

PBT / PBT Margin

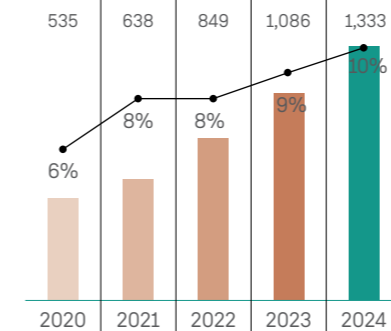
(₹ Mn) / (%)



▲ **20%** 5 Year CAGR

PAT / PAT Margin

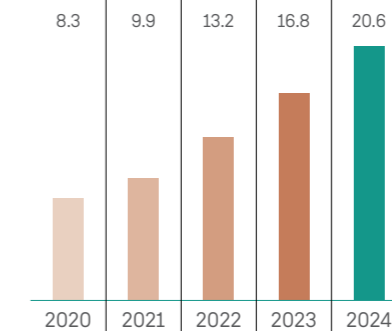
(₹ Mn) / (%)



▲ **20%** 5 Year CAGR

EPS

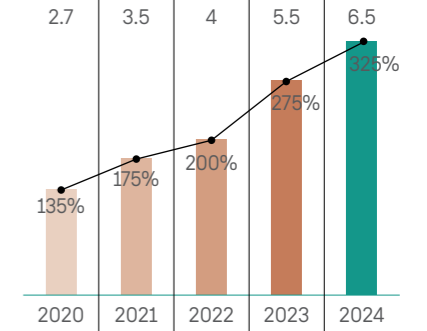
(₹) per share



▲ **20%** 5 Year CAGR

Dividend

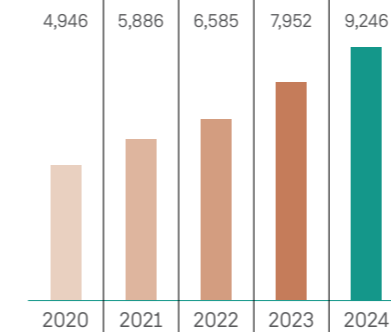
(₹) per share and % on face value



▲ **19%** 5 Year CAGR

Shareholders' Funds

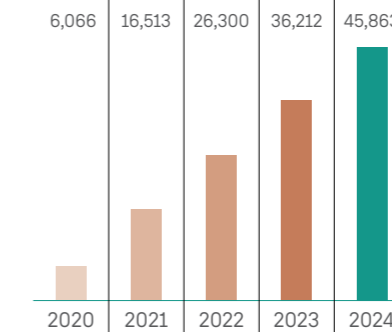
(₹ Mn)



▲ **13%** 5 Year CAGR

Market Capitalisation*

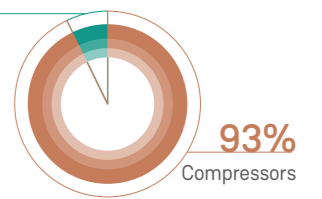
(₹ Mn)



▲ **50%** 5 Year CAGR
*As on 31st March

Segment Wise Revenue breakup

7% Other





Manufactured capital

Our state-of-the-art manufacturing facilities are equipped to develop sophisticated products that fulfil evolving customer demands. With an emphasis on deploying advanced machinery and cutting-edge technology, we continue to serve the diverse demands of various sectors ranging from Oil and Gas to Steel, Cement and Railways.

Key Performance Highlights

3

Manufacturing locations

100+

Design and Development team members

3MW

capacity for building and testing packages at Saswad

8 tonnes/day

Foundry capacity

SDGs impacted



Capital Interlinkage

Manufactured Capital



Financial Capital

Efficient production processes enhance profitability and reduce costs.



Intellectual Capital

Our focus on innovation enables us to develop sophisticated procedures that aid our manufacturing processes and facilitates the development of improved products.



Human Capital

Use of advanced technologies across our facilities improve workforce productivity, skills and expertise.



Social and Relationship Capital

Timely delivery of superior quality products strengthens relationships with clients and helps to earn the trust and loyalty of stakeholders.



Natural Capital

Our resource-efficient manufacturing practices help to preserve the environment.

Manufacturing and testing capability

Our robust manufacturing framework helps us cater to diverse client needs while upholding the highest standards of quality and operational excellence. Our manufacturing infrastructure enables us to produce a wide range of offerings, meticulously designed and produced in-house. We maintain streamlined internal processes to enhance the production of components and ensure faster lead times.

Specialised manufacturing processes

1

Equipped with the latest generation of CNC machines, enabling substantial production quotas with high-quality standards at micron-level precision

2

All heat treatment processes are conducted in-house, ensuring strict adherence to exact specifications

3

Regular audits and preventive maintenance maximise capacity utilisation, ensuring dependable and agile manufacturing processes

4

Extensive testing facilities, including resources for performing string tests on packages with high motor capacities, certifying operational integrity and performance

Robust manufacturing setup

Backed by strong manufacturing capabilities, we manage a broad spectrum of production needs with precision and efficiency. We operate state-of-the-art facilities equipped with advanced machinery, handling high-volume production seamlessly. Dedicated spaces with cranes and a new packaging shed further enhance our capacity and resource allocation, positioning us to meet our annual production targets successfully.





Testing capabilities

Our facilities are equipped to build and string test packages with significant motor capacities. This comprehensive testing capability ensures that all packages and machines meet the required specifications and quality standards before dispatch.

Testing processes



Internal Testing

Initially, all packages and machines undergo rigorous internal testing to verify their performance and compliance with design specifications.



Client and TPI Witnessed Testing

Following internal testing, the tests are then witnessed by the client and Third-Party Inspectors (TPI). This stage is crucial for validating the integrity and functionality of our products.



Approval and Dispatch

Only after a successful run and obtaining clearances from either the TPI or the client are the packages and machines approved for dispatch.

3.8 MW

Motor testing capacity for packages

3.6 MW

Motor testing capacity for machines

Vertical Integration with Nashik Facility

Our new facility in Nashik is a step forward in our vertical integration strategy. This facility is designed to support our internal manufacturing requirements, expediting project execution and ensuring a dependable supply chain while also servicing external customers. The plant's design allows us to handle large-scale products with production of complex parts weighing up to 35 tonnes each. Approximately 25% of the facility's capacity is dedicated to fulfilling external customer orders, allowing us to leverage our manufacturing strengths in the broader market.

Benefits of Vertical Integration

- Ensures uninterrupted and consistent component availability.
- Maintains high standards of quality across all processes.
- Improves speed of project execution through enhanced control.
- Reduces production costs by internalising key manufacturing steps.
- Safeguards proprietary designs and technologies.

6,000 tonnes

Proposed Annual Forged Parts Output



Performance and Productivity

We have made investments in shop floor digitalisation which enables real-time monitoring of machine utilisation, overall equipment effectiveness (OEE), consumable cost per part and operator productivity. Continuous real-time insights into these metrics facilitate ongoing improvements and enhance our manufacturing efficiency.

Project management and delivery

Projects are monitored and reviewed at regular intervals by a dedicated Project Manager to ensure adherence to timelines and quality standards. Any deviations or potential delays are promptly communicated to all stakeholders, including customers, when necessary, to allow for timely corrective actions. We also employ a dedicated expeditor to manage the timely receipt of materials according to project schedules.

On-time Delivery

On-time delivery (OTD) is crucial for maintaining customer trust and satisfaction. We integrate our material procurement and production scheduling into a centralised system to streamline operations and minimise delays.

Regular strategy meetings help identify and mitigate potential supply chain disruptions, ensuring efficient and transparent communication with clients.

Maintenance and support

We maintain a robust infrastructure for operating and servicing CNG and booster machines, with stringent penalties in place for downtime exceeding four hours. To achieve this, we have positioned dedicated experts and spare parts at strategic locations throughout India, aiming to keep our mean time to repair (MTTR) well below industry standards.

Performance Highlights

>98

On time delivery (OTD) in FY24

Less than

24 hour

Mean time to repair (MTTR)

Quality control

We implement stringent quality control measures across our manufacturing processes to ensure that each product meets and surpasses the highest standards of quality and reliability. Our approach involves evolving consistently to enhance process efficiency and consistency across all product lines.

Quality Control Practices

Testing and monitoring

We conduct rigorous tests, including nitrogen, helium, and hydro tests, to confirm product integrity. Alongside these tests, our production lines are equipped with quality gates that provide real-time digital visibility, allowing for immediate quality assessments and adjustments.

Process control and technology integration

Our processes are guided by customer-approved quality plans, ensuring that our fabrication and packaging meet precise specifications. We further enhance quality consistency by integrating Linear Variable Differential Transformer (LVDT) sensors in air-end assembly and applying poka-yoke techniques for real-time quality checks during production.

ITP and QAP

For each project, we prepare an Inspection and Test Plan (ITP) and a Quality Assurance Plan (QAP) based on the quality requirements specified in the tender. These documents are reviewed by our QA department and approved by the client. Production strictly adheres to the guidelines set forth in the ITP and QAP, with compliance monitored and often witnessed by Third Party Inspectors (TPI) or the client. This ensures that all components are manufactured to the highest quality standard.

Documentation and data-driven improvement

We maintain comprehensive, stage-wise documentation to standardise operating procedures. Our digital history cards provide our teams with essential data to adhere strictly to quality control standards in manufacturing.





Intellectual capital

Leveraging the strength of our research and development, technological prowess and digitalisation initiatives, we continue to develop innovative products and solutions for our clients. Our expertise not only empowers us to create a future-ready portfolio but also enables us to maximise value creation for stakeholders.

Key Performance Highlights

₹ 149 Mn

R&D Expenditure

100+

Design and Development team members

24

International publications

6

New products launched

SDGs impacted



Capital Interlinkage

Intellectual Capital



Financial Capital

Digital innovations that drive process efficiencies and cost reductions.



Manufactured Capital

Use of advanced technology and innovative solutions enhance the efficiency of our manufacturing processes.



Human Capital

Continuous learning and development programmes help to nurture skill development and support the professional growth of our people.



Social and Relationship Capital

Strategic collaborations and partnerships allowed us to develop advanced compressors and upgrade existing compressors.



Natural Capital

Our focus on implementing innovative practices enable us to propagate sustainable operations that minimise our environmental footprint.

Digital adoption

In the past year, we have embarked on a journey of digital transformation aimed at enhancing operational efficiency and manufacturing precision. The implementation of the Industrial Internet of Things (IIoT) across our shop floors has enabled real-time monitoring and optimisation of production processes. It has not only streamlined our operations but significantly bolstered our response to market demands and customer needs.

5%

improvement in Overall Equipment Effectiveness (OEE)

9%

Reduction in consumable costs

8%

Increase in operational productivity

Fostering innovation

Our focus on innovation provides us with a significant advantage over our competitors. This approach enables us to continuously develop new products and advance our research and development capabilities. Furthermore, to protect our intellectual property, we diligently apply for patents, trademarks and design registrations. This ensures that our unique designs and innovations remain exclusively ours.

Our innovation-led strategy also prioritised the development of cutting-edge technologies. This year, we focused on incorporating several advanced components:



Refrigerant-cooled Motors



High-Pressure Compressors



Contact-less Bearings

Participation in initiatives such as kaizen workshops, design colloquiums and innovation round tables facilitate cross-functional collaboration and are instrumental in driving breakthroughs in our product development process.

These innovations, although promising, presented initial challenges. To address these challenges, we took the help of the faculty of Indian Institute of Science Bangalore (IISc) and Indian Institute of Technology Bombay (IIT Bombay). We have full competency in our team required for execution of special designs. Their specialised knowledge helped to solve issues and facilitate the development of new and advanced products.

Industry 4.0 implementation

Industry 4.0 training programmes empower our workforce to lead technological advancements, improve their skillset and make the most of the career development opportunities.

Key outcomes

1 Improved data collection and real-time insights

Enhanced efficiency and customer experience **2**

3 Optimised product development and lifecycle management

Streamlined processes for better efficiency **4**

5 Improved customer engagement and satisfaction

Use of AI in learning and development programmes as well as for talent acquisition **6**



Innovative product development

In FY2023-24, we launched several innovative products to meet the evolving needs of our customers.

Energy-efficient screw compressors

We introduced a new line of electric motor and diesel engine driven screw compressors, to ensure energy efficiency and cost-effectiveness of compressed air applications.



High-Flow Centrifugal Air Compressors

We introduced a new line of high-flow centrifugal air compressors designed to deliver exceptional performance for various industrial applications, with capacities ranging from 1200 CFM to 8100 CFM.



ARiA Series – Standard Air Compressors

We expanded our selection of reliable standard air compressors with the ARiA series, offering a range of capacities to meet diverse customer needs, from a compact 42 CFM to a powerful 234 CFM.



Ammonia screw compressors

A new range of ammonia screw compressors were also introduced to meet the growing demand for eco-friendly cooling solutions.



Technological advancement through strategic partnerships

In FY2023-24, we pursued strategic partnerships and collaborations to bolster our innovation ecosystem and accelerate the adoption of advanced technology.

Key Initiatives



SamridDHI

We participated in the SamridDHI initiative, organised by the Ministry of Heavy Industries. It helped to accelerate the development of domestic screw and centrifugal compressors, thereby promoting indigenous manufacturing of these products. The project is in progress under the mentorship of distinguished faculty from the Indian Institute of Science (IISc) Bangalore.



Partnership with academic institutes

Our partnership with the Indian Institute of Technology Bombay (IITB) helped us to explore the development of high-pressure hydrogen compressors and innovative methods for integrating components within screw compressors.



Benefits of an innovation-driven approach



Improved employee skill set

Our continuous learning and development programmes significantly improved the expertise of our workforce. It helped in the successful implementation of several complex projects.



More patent filing

During the last few years, we filed more patents for our innovative products, thereby reiterating our focus on introducing pioneering products to the market at regular intervals.



Successful product launches

The market has positively received our new compressor models, reflecting our deep understanding of customer needs and our ability to innovate in response to evolving industry requirements.



Human capital

KPCL has always been renowned as a people-centric organisation. Our teams explore new dimensions of growth every day and empower us to fulfil our organisational objectives. We, therefore, prioritise their well-being, relentlessly undertaking efforts to ensure holistic development of our people and promote a culture of diversity and inclusion.

Key Performance Highlights

81%

Employee engagement score

105

Training programmes conducted

4,200

Safety training man-hours

47,70,142

Safe man-hours

1,633

Employee strength

SDGs impacted



Capital Interlinkage

Human Capital



Financial Capital

Investments for training and development programmes



Intellectual Capital

Leveraging online platforms for performance management, training and development initiatives



Manufactured Capital

Creating conducive manufacturing infrastructure to prevent workplace injury and ensure safety of the workforce



Social and Relationship Capital

Building long term relationships with communities through CSR activities



Natural Capital

Employee participation in tree plantation activities



Committed to employee well-being

We strive to cultivate a vibrant workplace environment where every employee feels valued and motivated. It creates a sense of belonging and encourages our people to deliver their best.

Initiatives to drive employee engagement

Promoting collaboration

We organise inter-company sports events and themed virtual roundtable discussions to build a culture of collaboration and instil a shared sense of purpose.

Celebration and recognition

We celebrate events such as Quality Month, Safety Week and Women's Day, to improve team spirit and boost employee morale. Additionally, we have a robust rewards and recognition programme to acknowledge the valuable contribution of our employees.

Encouraging participation

We involve employees in policy development for issues such as flexi-working and HR process improvements. This initiative promotes a sense of trust and ownership among our people. We also prioritise employee feedback to make improvements at the workplace.

81%

Employee Satisfaction

Employee satisfaction surveys

We conduct annual employee satisfaction surveys and alternate year external engagement surveys to obtain the feedback of our people on various topics. This data guides the development of time-bound action plans for continuously improving employee experience and organisational performance.



Learning and development

We are dedicated to create a culture of continuous learning and development, to create a conducive environment that allows our people to thrive and succeed. We have created a structured framework for unlocking the full potential of our workforce. Accordingly, we organised 'Team Building Workshops' designed to strengthen collaboration among different team members and promote professional growth.

Needs assessment

We utilise a comprehensive approach to identify training needs. This includes annual employee consultations, business requirements analysis and the 70:20:10 model to address skill gaps.

Leadership development

We invest in our future leaders through a multi-tiered framework. Programmes such as 'Frontline Manager Development' and 'Future Leader Programme' equip employees with the necessary leadership skills for different job roles.

Targeted training

We offer a diverse range of training covering Leadership and Managerial Effectiveness, Communication Skills and Project Management to help our people align themselves with changing industry dynamics.

Evaluation and feedback

Leveraging the Kirkpatrick Model and STAR method, we ensure every training programme is meticulously designed, effectively delivered and rigorously evaluated for continuous improvement.

105

Training programmes conducted

214

Employees certified internally

Knowledge sharing initiatives

The 'Sudnyan' programme helps people from various departments to share insights and learn from internal experts. These sessions not only disseminate valuable information but also inspire innovation and collaborative problem-solving capabilities.

375

Employees Participated in Knowledge sharing initiatives

Educational support

We support our employees' ambitions for career growth by providing sponsorships for higher education. This initiative not only aids personal growth but also facilitates organisational growth.

Online learning platform

Our online learning management system empowers employees to take ownership of their development through self-directed learning opportunities.

12

Annual Employee-Filed IP Submissions

Evaluation and continuous improvement

We continuously evaluate the effectiveness of our training programmes through a multi-faceted approach, including skill assessments, feedback surveys and performance metrics.

National Best Employer 2023

We had Benchmark Employee Engagement score for continuous two years in a row. Our sustained employee engagement scores led us to qualify for the prestigious Kincentric Best Employer Assessment, where all our people practices were critically assessed by an esteemed panel of Juries.

After the rigorous assessment and detailed audit of all our people practices, Kincentric has announced us as "Best Employer 2023". We share this title along with the 16 best in the industry organisations.

This recognition is a true testament to the unwavering faith of all the Kirloskar Pneumatic employees in our employee centric practices, which have helped us in creating an agile organisation.

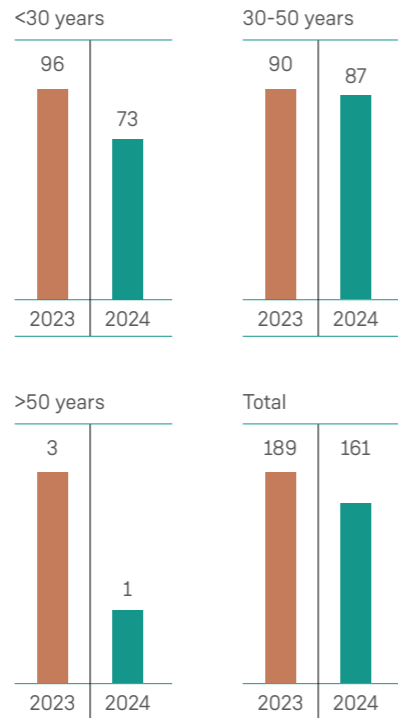


Talent acquisition and retention

We understand the importance of retaining top talent to thrive in a competitive business arena. Our talent acquisition and retention policies are, therefore, tailored to attract the best minds in the industry and offer competitive benefits.

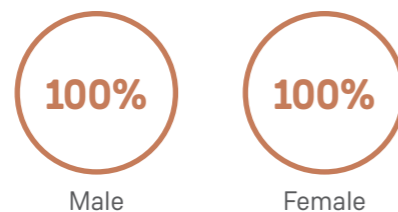
We cultivate a robust talent pipeline by recruiting top graduates and experienced professionals from different fields. By utilising job portals, social media and industry events, we strive to reach a wider pool of qualified candidates. As an equal opportunity employer, we value diversity and promote an inclusive work environment.

Age group



Return to work rate (%)

Gender wise



Building a holistic work culture

We believe in ensuring the holistic well-being of our people. Through targeted employee engagement initiatives, competitive remuneration and other benefits, we strive to empower our people and create a future-ready workforce.

We provide access to healthcare facilities, on-site medical support and encourage our people to adopt a healthy lifestyle. Additionally, to instil work-life balance, we offer flexible working arrangements and additional off days to ensure their physical as well as mental well-being.



Performance management

Through our performance management system, we focus on continuous growth and development of our people. We conduct appraisals regularly, on a quarterly and annual basis. By leveraging technology, we streamline the performance evaluation process, allowing for timely feedback and assessment. This approach not only provides employees with clear expectations and goals but also enables managers to recognise and address performance gaps promptly. Additionally, the online platform facilitates transparency and accountability, empowering employees to take ownership of their career growth and progression.

238

Employees supported through career development programmes



Diversity and inclusion

We recognise the importance of building a diverse and inclusive workforce. By bringing together professionals from diverse backgrounds and geographies, we enrich our collective perspectives and capabilities. We integrate equity and inclusion policies across our HR practices to ensure fair treatment of all our employees.

Target of increase female workforce representation to 7% by 2026.

Diversity initiatives

Regional recruitment programmes

We conduct targeted hiring programmes across the country to ensure regional diversity

Partnerships with NGOs

We collaborate with NGOs to recruit talent from underprivileged backgrounds

Focus on gender diversity

We have a dedicated focus on increasing female representation in our workforce

6%

YoY Increase in women workforce



Ensuring health and safety

We are committed to maintaining a safe and healthy work environment. Our approach is guided by our Quality, Environment, Occupational Health and Safety (QEOHS) Policy, which outlines a structured method for risk management. This includes:

Integrated Management System (IMS)

To proactively identify hazards and assess risks across all departments.

Divisional and apex safety committees

These bodies regularly review safety initiatives and their performance to ensure effectiveness.

Employee participation

Through initiatives such as the 5S and Safety Kaizen programmes, we engage and empower employees to contribute to our safety culture.

Physical safety measures

PPE Policy

Ensuring worker safety on shop floors with protective gear

Work permit system

Safe work practices through authorised and trained personnel

Safety training

Defined training calendar for comprehensive safety awareness

Emergency preparedness

Organisation of regular drills and awareness sessions to ensure emergency preparedness.

To reiterate our commitment to health and safety, we conduct regular safety audits, promote awareness of safe work methods and monitor performance on a monthly basis. Additionally, we prioritise employee well-being through periodic health checks, health counselling and programmes that encourage healthy lifestyles and safe work conditions. We also support a healthy work-life balance with flexible work hours and additional weekly off days.

42

Health and safety trainings



Human rights

We uphold the basic premises of human rights across the organisation. We conduct regular training sessions on our Values, Code of Conduct and the Prevention of Sexual Harassment (POSH) Act to raise awareness among our people. Additionally, we have implemented grievance reporting mechanisms that encourage employees to voice concerns about potential human rights violations. We are continuously working to create a safe and respectful working environment for people across the organisational vertical.





Social and relationship capital

For years, we have nurtured strong relationships with diverse stakeholders including clients, suppliers, communities, regulatory bodies and investors. It has empowered us to capitalise on new opportunities, fulfil our social obligations and broaden the horizon of sustainable growth.

Key Performance Highlights

34,000+

Beneficiaries

₹ 21.22 Mn

CSR Expenditure

95%

CSR Satisfaction index

83%

Supplier Satisfaction Score

SDGs impacted



Capital Interlinkage

Social and Relationship Capital



Financial Capital

Stronger relationships with stakeholders improve revenue earning potential and make way for new investment opportunities



Intellectual Capital

Collaborations with industry experts improve our R&D efforts, bolster technology adoption and lay the groundwork for our innovative approach.



Manufactured Capital

We have earned the trust of clients as well as other stakeholders as a reliable supplier of superior quality products. It grants us easy access to advanced technology and also lowers operational costs.



Human Capital

Employee engagement in community development projects helps to foster a motivated and engaged workforce.



Natural Capital

Our ability to engage in collaborative efforts with our people and communities empower us to minimise the impact of our operations on the environment. It bolsters our commitment towards a sustainable future.



Community development projects

We believe in making a meaningful impact through targeted community development initiatives. Our CSR Committee recommends projects, allocates budgets and monitors its effectiveness by ensuring optimum resource allocation. We have collaborated with SL Kirloskar CSR foundation, for initiatives with a focus on the holistic growth of communities.

Understanding and responding to the needs of the community is crucial for the success of our CSR efforts. We, therefore, try to communicate with stakeholders regularly and strive to understand their concerns and expectations. The biennial 'Society Perception Survey' is conducted by an external agency. It enables us to gauge community satisfaction and gather valuable feedback to improve our projects further.

To measure the effectiveness of our CSR initiatives and ensure transparency in our engagements, we also engage in focused group interactions. It provides us deeper insights about various projects and allows us to refine our methods.

95%

CSR Satisfaction Index

Key CSR projects

Inspired by the vision of our founder, Late Shri S.L. Kirloskar, we are committed to making a positive impact through focused CSR initiatives. These initiatives, encompassing education, environment and health are meticulously planned, budgeted, implemented and reviewed.



Education

Kirloskar Institute of Management



We support Kirloskar Institute of Management (KIM), an esteemed institution offering specialised courses in management and business development to facilitate the competency development of professionals. We have contributed ₹ 13.75 million towards enhancing the institution's resources and capabilities.

180

Beneficiaries

KaShi (Kanya Shiksha) Initiative



This unique programme supports the education of daughters of workmen engaged in our cold storage units in Uttar Pradesh, Gujarat, Rajasthan and Madhya Pradesh. Implemented by employee volunteers and state cold storage associations, KaShi provides educational opportunities for deserving young women.

30

Beneficiaries

Bharari Initiative



We empower underprivileged students (5th to 10th Std.) from three schools near the Saswad Plant through the Bharari Initiative. This programme offers life skills and English language training along with academic development.

225

Beneficiaries

NTTF Skill Development Program



We collaborate with NTTF to offer three-year diploma programmes in Mechatronics and Smart Factory and Electronics and Embedded Systems. It prioritises social inclusion and has 37% female participants, 10% orphans and 9% students from single-parent households.

100

Beneficiaries



Health

Releshani School Health Initiative



This project creates awareness about mental health, relationships and issues related to adolescence. Over 20 workshops of 3 day duration were conducted for 9th standard students (boys and girls together) across 6 schools in FY2023-24.

1,000+

Beneficiaries

WaSH

School Drinking Water



We ensure access to clean drinking water by installing water filtration and purification plants in nearby schools. This initiative has positively impacted 14 schools since its inception, enhancing the health and well-being of the communities we serve.

25,000+

Beneficiaries



Kirloskar Vasundhara Initiative



We support the Ram Nadi Restoration Mission through various activities in associated schools. In FY2023-24, we engaged in river restoration awareness campaigns and the Millet Festival to promote environmental sustainability and encourage healthy eating, respectively. Our engaging initiatives brought together students, parents and teachers from 17 schools.

7,500+

People engaged

Creating enduring relationships

Customer

At the core of our operations lies our customers. To ensure maximum customer satisfaction, we strive to deliver superior quality products, offer comprehensive aftersales support and proactively respond to customer feedback. We also engage in periodic surveys to ensure customer satisfaction.

Supply chain partners

Our comprehensive supplier selection process is designed to ensure compliance with stringent Quality, Environment, Occupational Health and Safety (QEOHS) standards. We utilise advanced ERP and barcoding systems to enhance transparency, facilitate efficient resource management and motivate suppliers to align themselves with our environmental and social commitments. We also engage in regular communication with suppliers and vendors through various forums, including supplier meetings, dealer conferences and industry exhibitions.

Shareholders and investors

We are dedicated to creating value for our shareholders and investors through prudent resource allocation and efficient utilisation of funds. Along with an emphasis on strengthening our balance sheet, we remain focused on maintaining transparent disclosures and regular dialogues with shareholders and investors alike.

₹ 79,396 Mn

Market Capitalisation as on 31st May 2024





Natural capital

As a responsible corporate, we believe in fulfilling our obligations towards the planet. With concerted efforts to limit our environmental impact, we continue to undertake initiatives to consciously reduce water usage, enhance energy efficiency and minimise waste. Our emphasis on environmental stewardship strengthens our commitment towards a sustainable future.

Key Performance Highlights

8,410 KL

Water recycled

533.40 MWh

Electricity saved

4,184 MT

Waste recycled (steel, aluminium, wood and sand)

1,196.60 MWh

Renewable energy used

SDGs impacted



Capital Interlinkage

Natural Capital



Financial Capital

Investment in sustainable practices to preserve natural resources.



Intellectual Capital

Development of innovative processes to minimise our environmental impact.



Manufactured Capital

Use of advanced and energy efficient manufacturing equipment to lower environmental footprint.



Human Capital

Employee engagement in eco-friendly initiatives such as tree plantation drives.



Social and Relationship Capital

Encouraging communities to adopt sustainable practices to protect natural resources and preserve the environment.

Kirloskar Pneumatic Company Limited

A Kirloskar Group Company



Ensuring energy efficiency

We remain focused on reducing our environmental impact by optimising energy usage and adopting renewable sources of energy. We continued to use solar power at our Saswad facility, improved furnace efficiency and enabled rigorous monitoring of energy consumption at our facilities. These efforts help to manage resources more efficiently and promote sustainability across our operations.

Solar power integration

We have installed a 840 kWp (dc) rooftop solar PV plant at our Saswad facility. Earlier, we depended entirely on MSEDCL for electricity supply. However,

since FY24, 54% of our total energy consumption is met by solar power. The remaining 46% electricity requirement is sourced from MSEDCL. Use of solar energy has resulted in carbon offset of 981 tons of CO₂. We also hold Monthly Management Review Meetings (MRMs) to review of Specific energy consumption (SEC) from Saswad and Hadapsar.

7% reduction

in SEC at Saswad

22.5% reduction

in SEC at Hadapsar

Expanding renewable energy production

Looking ahead, we are dedicated to increase the use of renewable energy. A key focus within this objective is to significantly increase our reliance on solar power.

Hadapsar Facility

1 MWp (dc)

Expansion Capacity

1 MWp (dc)

Total New Capacity

Over

1,30,1434 units

Projected Annual Units

931.8 tons of CO₂

Carbon Offset

Saswad

380 kWp (dc)

Expansion Capacity

1,220 kWp (dc)

Total New Capacity

Over

518,459 units

Projected Annual Units

371 tons of CO₂

Carbon Offset





Sustainable water management

We have implemented a comprehensive wastewater treatment process that ensures reuse of wastewater and implemented procedures for leakage detection. These initiatives collectively reduce water usage and minimise our environmental impact.

Treatment of wastewater

Wastewater generated at our facilities is treated through an Effluent Treatment Plant (ETP). The treated water is then reused for other purposes like gardening, to significantly reduce our reliance on fresh water sources.

100%

Treatment of waste water

Leak detection and repair

We identify and address water leaks through regular maintenance of taps, valves and pipelines. This helps to minimise water wastage.

Dry Type Paint Booth

Our innovative Dry Type Paint Booth technology eliminates the need for water in the painting process. This translates to zero water consumption for paint application and eliminates the need for liquid discharge to the ETP (Zero Liquid Discharge).

Digital monitoring

Our Hadapsar plant utilises digital water flow meters to monitor water sourced from the municipal corporation (PMC), as well as the flow of influent and effluent into the wastewater treatment plant. It strengthens our water management practices and encouraged us to implement similar measures at other facilities as well. We aim to install digital water flow meters at our Saswad facility by FY25.

Benefits of digital monitoring

Real-time data

Digital meters provide accurate and real-time data on water consumption from different areas.

Informed decision-making

The data empowers us to identify areas of high-water usage and implement targeted conservation measures.

Reduced water footprint

Through data-driven insights, we continuously work to minimise our overall water footprint.



Responsible waste management

Our commitment to environmental stewardship is reiterated by our responsible waste management practices. We prioritise the proper disposal of hazardous waste and collaborate with specialised waste management companies to optimise recycling efforts.

Partnership with MEPL

We have an agreement with MEPL for the disposal of hazardous waste from our Hadapsar and Saswad plants.



Collection

MEPL collects hazardous waste from our facilities



Transportation

The waste is transported using specialised vehicles that adhere to stringent safety regulations



Treatment

MEPL utilises appropriate treatment methods to render the waste inert or less hazardous



Safe Disposal

The treated waste is disposed of in designated and approved landfills, to minimise environmental impact

149.80 tonnes

Hazardous waste disposed by MEPL

Monitoring and reporting

We maintain a rigorous monitoring system for hazardous waste disposal. Monthly reports on hazardous waste disposal are submitted to senior management during the 'MORe' meetings. We have established Standard Operating Procedures (SOPs) within our Integrated Management System (IMS) that outline procedures for proper disposal, handling and storage of hazardous waste, ensuring compliance with all statutory norms. We adhere to all regulatory requirements, including the online submission of annual reports on hazardous waste disposal by June of each year.





Collaboration for a circular economy

We partner with specialised waste management companies to promote recycling and resource conservation. It helps to minimise waste generation, conserving natural resources and reducing our environmental footprint. In addition to this, we are continuously exploring new opportunities to further optimise our waste management practices and strengthen our commitment to environmental sustainability.

Oil and coolant recovery

Waste oil and coolant generated from grinding processes are now subjected to pressing activities. This process recovers the oil and coolant, allowing for filtration and reuse, thereby minimising waste and conserving resources.

56 KL

Oil and Coolant recovered

Briquetting for steel production

A newly procured briquetting machine at our Hadapsar plant transforms metal waste (MS turning burrs) into briquettes. These briquettes are then supplied to steel mills for conversion into raw material for billets, which is eventually used in forging applications. This initiative creates a closed-loop system for minimising waste and maximising resource utilisation.

56.2 tonnes

Metal waste recycled through briquetting

Recycling

Cast iron and aluminium burrs (waste) and MS scrap are reintroduced into our foundry for the production of castings, to reduce reliance on virgin material.

231.5 tonnes

Waste metal repurposed

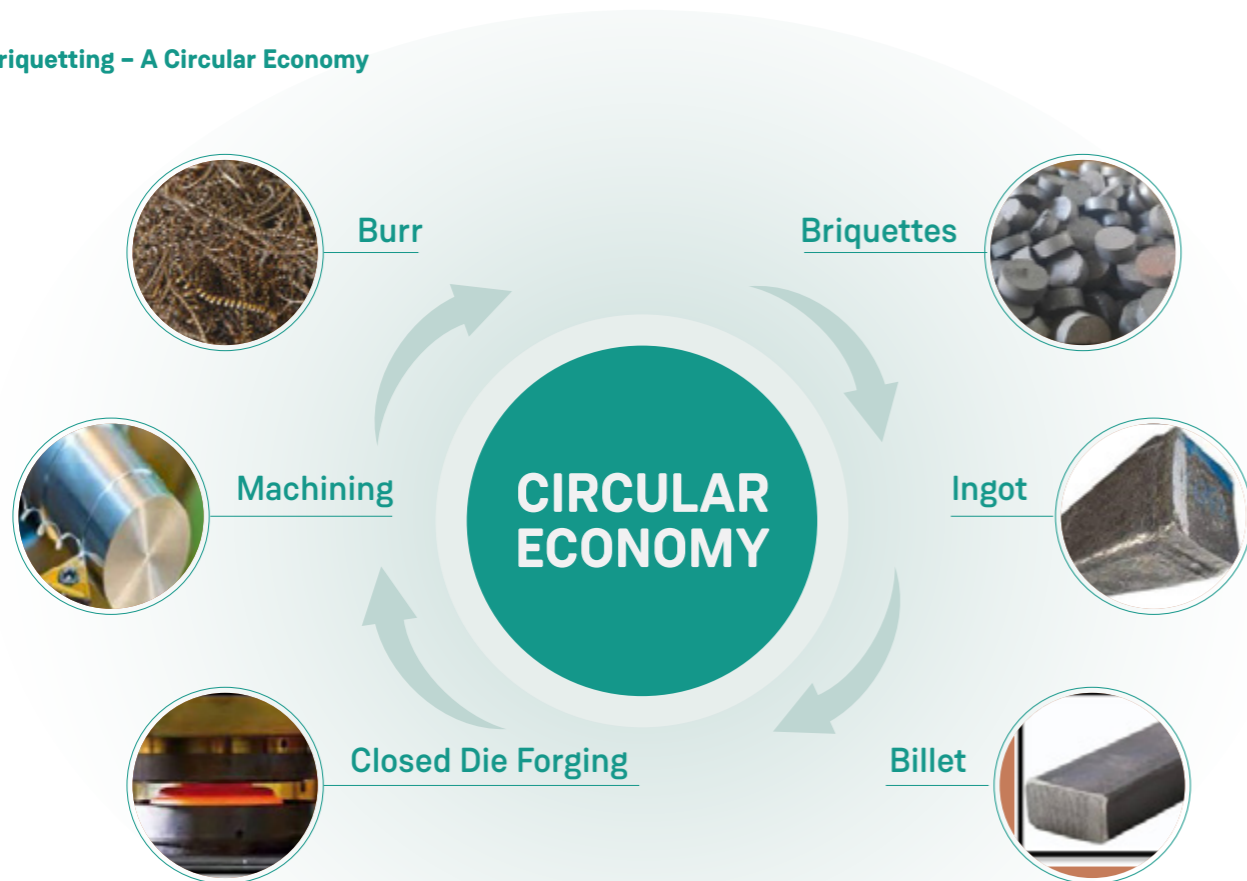
Reuse of wooden packaging

We prioritise the reuse of wooden packaging received from suppliers. It is used for making smaller wooden boxes used for the delivery of finished goods to customers and also for internal usage. Additionally, special pinewood is used for our CSR initiatives, to repurpose them into wooden gifts with the help of a NGO.

16,604

CFT

Briquetting – A Circular Economy



Preserving biodiversity

At Kirloskar Pneumatic, we recognise the importance of preserving the biodiversity. Therefore, we undertake several initiatives to protect the local flora and fauna.

Emphasis on native plant species

We prioritise the plantation of native trees in our operational areas. These trees effectively absorb carbon and help to achieve carbon neutrality. It also acts as a habitat for local wildlife. Besides, the beauty of local plant species adds to the aesthetic appeal of our premises.

We also conduct carbon sequestration assessments every three years at our Saswad and Hadapsar plants. It not helps us to shape our environmental strategies but also motivates us to plant more native species to achieve our long-term sustainability goals.

Promoting biodiversity

We create nesting environments for birds and preserve old trees to support the original habitat of diverse species. Additionally, we aspire to develop a butterfly garden to further improve the local biodiversity.

10%

increase in flora and fauna compared to a 2019 baseline

Green wall expansion at Hadapsar facility

Our 'waghakhali' creeper green wall thrives with minimum maintenance. Drip irrigation ensures its continued growth. Once the current green wall reaches full coverage, we plan to re-apply for the Limca and Asia Book of records, aiming to break our own record of creating sustainable green infrastructure.

Notice of 49th Annual General Meeting

Notice is hereby given that the 49th Annual General Meeting ("AGM") of the Members of Kirloskar Pneumatic Company Limited ('the Company') will be held on Saturday, the 20th day of July, 2024 at 3:30 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 and General Circular No. 09/2023 dated 25th September, 2023 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/2023/167 dated 7th October, 2023 read with Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July, 2023 (hereinafter referred as "SEBI Circular") to transact the businesses as mentioned below:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2024 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, 2024.
3. To appoint a Director in place of Mr Mahesh Ramchand Chhabria (DIN 00166049), 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, 2025 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 an **ORDINARY RESOLUTION:**

"RESOLVED that pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with the Companies (Meetings of Board and its Powers) 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 Nomination and Remuneration Committee, the Audit Committee and the Board of Directors, consent of the Members of the Company be and are hereby accorded for the promotion of Mr Aman Kirloskar as Vice President - ACR SBU, relative of Mr Rahul C Kirloskar (DIN 00007319), Executive Chairman of the Company, to hold office or place of profit in the Company, on such terms and conditions including remuneration within the overall range of ₹ 1 Crore to ₹ 2 Crores per annum as set out in the explanatory statement attached hereto which shall be deemed to form part hereof, subject to alteration and variation in the terms and conditions of the said appointment and remuneration, from time to time, in line with the policy of the Company and within the limits approved by the Members and subject to such other approvals, as may be necessary.

RESOLVED FURTHER that the consent of the Members of the Company be and is hereby accorded to vest power with the Board (which term shall be deemed to include any Committee thereof) to revise the aforesaid terms of appointment and remuneration of Mr Aman Kirloskar, Vice President - ACR SBU by way of an annual / periodical increment within the aforesaid maximum permissible limits, stated above, as per the policy of the Company and to do all such acts, deeds, matters and things including delegation of authority as may be deemed necessary, desirable, expedient or incidental for the purpose of giving effect to this resolution."

NOTES:

- 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 49th 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 / 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 Friday, 12th July, 2024 by following the procedure as given below:

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

- Click on the URL: https://liiplweb.linkintime.co.in/EmailReg/Email_Register.html
- Select the Name of the Company from dropdown: Kirloskar Pneumatic Company Limited.
- 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.
- Enter Mobile number and email ID.
- System generated One Time Password ("OTP") to be sent on mobile number and email ID.
- Enter OTP received on mobile number and email ID.
- Click on Submit button.
- 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.

- Members may note that the Annual Report 2023-24 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 <https://www.evoting.nsdl.com>

- Pursuant to the MCA Circulars and SEBI Circulars 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.

- 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.
- 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.
- 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.
- Members' Queries:

A Member, who wish to receive information regarding 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 seven (7) days in advance so as to enable the management to keep the information ready.

- 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 four (4) days in advance before the meeting i.e. on or before Monday, 15th July, 2024.

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.

- Final Dividend 2023-24:

The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 13th July, 2024 to Saturday, 20th July, 2024 (both days inclusive) for the purpose of declaration of dividend and AGM. The dividend, if declared, at the AGM will be paid to Members:

- whose names appear as Beneficial Owners as at the end of the business hours on Friday, 12th July, 2024 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of equity shares held in electronic form; and

- whose names appear as Members in the Register of Members of the Company after giving effect to valid share transmissions / deletion of names in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before Friday, 12th July, 2024.

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

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. Link Intime India Private Limited (in case of shares held in physical form), as may be applicable, before the cut-off date i.e. 12th July, 2024 as the Book Closure is from 13th July, 2024 to 20th July, 2024 (both days inclusive).

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 2024-2025 does not exceed ₹ 5,000/-.

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), alongwith copy of self-attested Permanent Account Number (PAN), provided that eligibility conditions are being met. Form 15G / Form 15H can be uploaded at below link provided by the RTA: <https://web.linkintime.co.in/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 rate of 20 percent 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) [Subsection 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 2024-2025.
- 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 2024-25 in accordance with the applicable tax treaty;
- (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 the provisions of section 206AB of the Income Tax Act, tax would be required to be deducted at twice the applicable rate in respect of any sum or amount or income paid or payable or credited to a ‘specified person’.

Further, the Act defined ‘specified person’ to mean:

- A person who has not filed return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted and the time for filing tax return under Section 139(1) of the Income Tax Act has expired; and
- aggregate of tax deducted at source and tax collected at source in his / her case is ₹ 50,000/- or more in the said previous years.

However, the aforementioned withholding at higher rate shall not apply to a Non-Resident who does not have a Permanent Establishment / fixed base in India.

Accordingly, a Non-Resident should submit a No Permanent Establishment declaration (as referred above), wherever applicable.

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 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 the due date of filing TDS return for the second quarter of FY 2024-25 i.e. 31st August, 2024, 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 <https://www.kirloskarpneumatic.com>

To enable us to determine the appropriate TDS / withholding tax rate applicable, you should upload necessary documents at <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before Friday, 12th July, 2024.

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 Friday, 12th July, 2024.

11. In terms of the provisions of Section 124 of the Companies Act, 2013, the amount of dividend not encashed or claimed within seven (7) 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, the two (2) unclaimed dividend accounts in respect of financial year 2016-17 (Dividend(s) including the interim dividend declared by erstwhile Pneumatic Holdings Limited) is due for transfer to the said Fund.
12. Members who have neither received nor encashed their dividend warrant(s) for the financial years 2017-18 to 2023-24, are requested to write to LIPL 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 (SS2) 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 Circulars, 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 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 MCA Circulars read with SEBI Circulars, 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 aforesaid MCA Circulars read with SEBI Circulars.

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

The remote e-Voting period begins on Wednesday, 17th July, 2024 at 09:00 A.M. (IST) and ends on Friday, 19th July, 2024 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. Friday, 12th July, 2024, 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 Friday, 12th July, 2024.

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.	<ol style="list-style-type: none"> 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. 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. 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 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. 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 sixteen 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. Shareholders / Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience <div data-bbox="539 1115 896 1361" style="text-align: center;"> <p>NSDL Mobile App is available on</p>  </div>
Individual Shareholders holding securities in demat mode with CDSL.	<ol style="list-style-type: none"> 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. 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. 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. 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 abovementioned 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 22 55 33

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 Character 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 001*** and EVEN is 101456 then user ID is 101456001***

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.nsd.com
- b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsd.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 e-mail to cssvdassociates@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.
- 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
 - 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.
 - 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.
 - 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.

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:

- 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
- 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.**
- 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.
- In terms of SEBI circular dated December 9, 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:

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

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

- 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.
- Members are encouraged to join the Meeting through Laptops for better experience.
- Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 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.
- 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 four (4) 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 cut-off date i.e. Friday, 12th July, 2024, 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 or 1800 22 44 30. 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 cut-off date i.e. Friday, 12th July, 2024 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 cut-off date of Friday, 12th July, 2024.
- 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 Sridhar Mudaliar, Partner (CP No. 2664) or failing him Mrs Meenakshi Deshmukh, Partner (CP No. 7893) of M/s SVD & Associates, 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 Mahesh Ramchand Chhabria (DIN 00166049) aged 60 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 Mahesh Ramchand Chhabria has a firm belief in the emerging market growth story and corporate India’s push to go global.
- Mr Mahesh Ramchand Chhabria has been Managing Director of Kirloskar Industries Limited since July 2017. Prior to this he worked as a Partner with Actis, where he was responsible for advising Actis Global LLP to invest money in private equity and buy-out space in India. Actis Global LLP is a leading private equity fund in the emerging market space.
- He previously worked at 3i India, where he was a partner in the firm's Growth Capital Group and the lead partner globally for the Healthcare sector, heading up and contributing to 3i investments in India and international markets. Before moving to private equity in 2006, he was co-head of investment banking at Enam, one of the leading domestic investment banks in India.
- He is a regular Speaker at various industry forums and a contributor to most Indian business publications. He holds a Bachelor of Commerce from the University of Mumbai, and is an Associate Member of the Institute of Chartered Accountants of India.
- He is a Member of Nomination and Remuneration 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 Oil Engines Limited	Director	Audit Committee – Member Nomination & Remuneration Committee – Member
ARKA Fincap Limited	Director	Audit Committee – Member Allotment Committee – Member Nomination and Remuneration Committee – Member Risk Management Committee – Member Stakeholders Relationship Committee – Member IT Strategy Committee- Member Credit Committee – Member Asset Liability Committee – Member
Kirloskar Proprietary Limited	Director	Remuneration Committee – Member
Kirloskar Industries Limited	Managing Director	Risk Management Committee – Member
ZF Commercial Vehicle Control Systems India Limited	Director	Audit Committee – Chairman Nomination and Remuneration Committee – Member Risk Management Committee – Member
Arka Financial Holdings Private Limited	Director	Audit Committee – Chairman Nomination and Remuneration Committee – Member Risk Management Committee – Member Banking Committee – Member Committee of Director Committee – Member
Kirloskar Ferrous Industries Limited	Director	-
Shoppers Stop Limited	Director	Audit Committee – Chairman Stakeholders Relationship Committee – Member Risk Management Committee – Chairman Corporate Social Responsibility Committee – Member

He holds 9,325 equity shares (PAN based) in the Company.

The last drawn remuneration of Mr Mahesh Ramchand Chhabria, 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 Mahesh Ramchand Chhabria is not debarred from holding the office of a Director by virtue of any order by SEBI or any other authority.

None of the Directors or Key Managerial Personnel of the Company or their relatives other than Mr Mahesh Ramchand Chhabria are concerned or interested, financial or otherwise, in the resolution set out at an Item No 3.

Registered Office :

Hadapsar Industrial Estate,

Pune 411 013

Date : 25th April, 2024

By Order of the Board of Directors

sd/-

Jitendra R Shah

Company Secretary

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 25th April, 2024, 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, 2025 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

In terms of the provisions of the Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 every related party transaction and any material modification thereof shall be reviewed by the Audit Committee and approved by the Board of Directors. However, pursuant to the first proviso to Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, an appointment of the related party to the office or place of profit in the Company on a monthly remuneration exceeding ₹ 250,000/- shall require prior approval of the Members by way of Ordinary Resolution.

As such, the continuation of employment and revision of remuneration exceeding ₹ 250,000/- per month is also covered by the above-mentioned Section read with Rules.

Mr Aman Kirloskar is son of Mr Rahul C Kirloskar, Executive Chairman of the Company.

Mr Aman Kirloskar (29 years), graduated in Business Administration from Bryant University, Smithfield, RI, with a majors in Global Supply Chain Management and Minors in Political Science in 2017. During graduation, he also worked with Pharmaceutical Company, Supply Chain Capstone from January 2017 - May 2017 which included Supply Chain Rationalization exercise. He was also a proud recipient of University Wide Jeremiah Clark Barber Commencement Award.

He was also a Global Intern during September 2017 - February 2018 with Automotive Component Company situated in North America, wherein he focussed on International Logistics and Co-ordination of supplies globally from North and South America to its plants in Japan, Russia, UK etc.

Since moving back to India, he started his career with Kirloskar Group as a Supply Chain Manager with Kirloskar Chillers Private Limited in May 2018. He later on joined Kirloskar Pneumatic Company Limited as a Senior Manager in August 2019 and was instrumental in developing business, playing vital role in formulating business strategies and effective implementation of the same. Driven by a passion to succeed and possessing the requisite talent, in 2020, he was elevated to General Manager (Operations) and since then is actively involved in Manufacturing, Supply Chain, Foundry, Plant Engineering and Quality of Air Compressor and Transmission Division(s). He also pioneered scaling up of production of air compressors, new machines with screw and centrifugal technology along with manufacturing and assembly of piston compressor range. Under his leadership, KPCL overcame multiple challenges in tough covid times and emerged stronger with a sharper focus on production of screw compressors for crucial oxygen generation plants.

Thereafter, post the retirement of Mr Behere, Vice President of Air Conditioning and Refrigeration Business (ACR SBU), he took over as head of the ACR SBU. Then he was promoted as Associate Vice President in 2023. ACR SBU accounts for nearly 35% of Company's Sales and Profit. He has handled it fairly well. The SBU has also taken up three new growth projects during his leadership: Tyche - Semi Hermetic Compressor; Janus - Induction Motor and Khione - Screw Compressor. Accordingly, he holds office or place of profit on a designation of Associate Vice President - ACR SBU at a remuneration of ₹ 57.43 Lakhs per annum in line with the approval of Shareholders granted on 20th July, 2022.

Moreover, a refreshed brand identity was adopted by the Company couple of years of back, in line with our founder's vision of ensuring that all products are a step ahead of time with a constant innovation with an eye on the future. In order to convert it into a reality, young and dynamic leadership is the need of the Company for carrying out aggressive growth plans of the Company. Considering it, Mr Aman Kirloskar had been / will be entrusted with additional responsibilities from time to time. Hence, it is proposed to promote Mr Aman Kirloskar as Vice President - ACR SBU and to hold the office or place of profit on an remuneration within the overall range of ₹ 1 Crore to ₹ 2 Crores per annum, with effect from 1st April, 2024 and other benefits of employment as applicable as per policy of the Company.

In view of the above and pursuant to the recommendation of the Nomination and Remuneration Committee and Audit Committee, the Board of Directors have accorded their approval to promote and hold office or place of profit w.e.f 1st April, 2024 in its meeting held on 25th April, 2024, subject to the approval of Members. The relevant details of the transaction as required under SEBI Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July, 2023 are produced below:

Sr. No	Particulars	Remarks
(a)	Name of the related party and nature of relationship	: Mr Aman Kirloskar, son of Mr Rahul C Kirloskar, Executive Chairman and their relatives respectively.
(b)	A summary of the information provided by the Management of the listed entity to the Audit Committee as specified in the Circular	: Nature, material terms, monetary value and particulars of the contract or arrangement: <ul style="list-style-type: none"> • Mr Aman Kirloskar to hold the office or place of profit as Vice President on an remuneration payable within the overall range of ₹ 1 Crore to ₹ 2 Crores per annum w.e.f. 1st April, 2024, as approved by the Board and Committee thereof and subject to approval of the Members. • Increment and performance incentives in line with the Policy of the Company. • Promotion, change in grade, designation, role and responsibilities in line with the Policy of the Company. • Other benefits, perquisites, allowances, amenities and facilities, as applicable / payable to the other employees, as per the applicable policy of the Company.
(c)	Justification for why the proposed transaction is in the interest of the listed entity	: At present, the grade 68 – Vice President having a salary in the overall range of ₹ 1 Crore to ₹ 2 Crores per annum. This grade is also entitled to employee stock options. Mr Aman Kirloskar, as part of the Promoter Group is not entitled to such employee stock options. The Nomination and Remuneration Committee, Audit Committee and the Board is of the view that with the changing times, a young and dynamic leader is need of the organisation for carrying out aggressive growth plans and as a part of the succession planning process.
(d)	Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) of the above mentioned Circular	: Not Applicable to the proposed transaction.
(e)	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders	: Not Applicable to the proposed transaction.
(f)	The value of transaction in terms of the percentage of the annual turnover in immediately preceding financial year i.e. FY 2022-23	: 0.16%

The proposed grade and cost to the Company of Mr Aman Kirloskar with effect from 1st April, 2024 subject to approval of the Members in the Annual General Meeting would be as follows:

Grade 68 : Vice President	Total CTC in ₹
Particulars	Per Annum in ₹
Basic	3,016,596
House Rent Allowance	420,000
Conveyance Allowance	180,000
Education Allowance	72,000
Leave Travel Allowance	69,000
PPI	3,259,716
Medical Allowance	15,000
Furnishing Allowance	48,000
Provident Fund	361,992
Superannuation Fund	452,484
Gratuity Contribution (Payable as per Gratuity Act)	145,104
Sub Total (A)	8,039,892
Variable Pay @ 20% on Payable Annually as per Policy	2,009,976
Sub Total (B)	10,049,868

In addition to the above, following Perquisites applicable to Vice President

- 1 Car as per Company policy;
- 2 Insurance Benefits - As per Company policy;
- 3 Privilege leave as per Company rules - Leave not availed is encashed as per Company policy;
- 4 Club fees as per Company policy;
Note : The perquisites from Sr. No. 1 to 4 do not exceed a value of ₹ 10 Lakhs per annum.
- 5 Employee Stock Options - Being he forms part of Promoter Group, hence not entitled to any ESOP Scheme.

None of the Directors, Key Managerial Personnel or their relatives are, in any way concerned or interested, financially or otherwise, in the resolutions set out at Item No. 5, except Mr Aman Kirloskar, the appointee and Mr Rahul C Kirloskar being father of appointee and Executive Chairman of the Company and their relatives respectively.

The Board recommends the proposed resolution as set out at Item No. 5 of the Notice for approval of the Members as ordinary resolution.

Registered Office :
Hadapsar Industrial Estate,
Pune 411 013
Date : 25th April, 2024

By Order of the Board of Directors
sd/-
Jitendra R Shah
Company Secretary

Directors' Report to the Members

Your Directors have pleasure in presenting this Report with Audited Annual Accounts of the Company for the year ended 31st March, 2024.

1. COMPANY SPECIFIC INFORMATION

1.1. Financial Summary & Highlights

The financial results for the year ended 31st March, 2024 are summarized below:

	2023-24	2022-23
Total Income	13,420.37	12,505.24
Profit before tax	1,778.75	1,432.76
Tax Expense (Current & Deferred tax)	445.87	346.95
Profit after tax	1,332.88	1,085.81
Other Comprehensive Income / (Loss), net of tax	270.07	555.16
Total Comprehensive Income for the year	1,602.95	1,640.97
Transferred to General Reserve	750.00	1,000.00

Your Company registered a total income of ₹ 13,420.37 Million for the financial year 2023-24, against ₹ 12,505.24 Million of the previous year. Your Company earned a net profit of ₹ 1,332.88 Million compared to ₹ 1,085.81 Million earned in last year. Your Company registered over 7% growth in Total Income and over 22% growth in Net Profit as compared to previous year.

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

1.2 Reserves

During the reporting year, ₹ 750 Million has been transferred to the General Reserves of the Company.

1.3 Dividend

During the reporting year, the Board of Directors declared an interim dividend of ₹ 2.50 (125%) per equity share of ₹ 2/- each.

The Board of Directors had recommended a final dividend of ₹ 4/- (200%) per equity share of ₹ 2/- each for the year 2023-24 which will be paid subject to the approval of shareholders in the ensuing Annual General Meeting.

The Company has paid / recommended total dividend of ₹ 6.50 (325%) per equity share of ₹ 2/- each for the year 2023-24.

The dividend distribution policy is available on the following Weblink: <https://www.kirloskarpneumatic.com/investors/for-share-holders/company-policies>

1.4 Major events that occurred during the year

Launch of new products:

The FY 2024 has been a year of good order intake, significant rampup in filing patent and design registrations,

accelerated new product development and a strong focus on in-house capability building for your Company.

Your Company launched Aria range of competitively priced standard air compressors to address the large market currently being served predominantly by imports. The market acceptance and scale up of the Tezcatlipoca Centrifugal Compressor was a notable achievement.

Last couple of years, your Company have better products coming up, especially in the new offerings like Khione Refrigeration Compressors, KESb series Electric Screw Compressor, Càlana Hydraulic Booster Compressors, Tezcatlipoca Centrifugal Compressors, Electric and Diesel Driven Compressors and so on and so forth.



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Forging & Fabrication Facility:

During the year, your Company has set up Forging Facility at Nashik. This facility includes a 32 ton forge hammer to make High Speed Gear Blanks and a comprehensive fabrication facility to make base frames, pressure vessels and a range of heat exchangers.

The facility will primarily cater to the requirements of your Company and help in enhancing the competitiveness through value chain advantage as well as to speed up execution of projects. This facility will also earmark about 25% of its capacity to external customers.

In the first phase the facility can produce about 6,000 tons of forged parts of sizes upto 500 kg each. The plant also can fabricate complex parts upto 35 tons each.

During the last quarter of the year, production at the forging plant at Nashik stabilized and this should help in margin improvements going forward.

With the commissioning of the Forging and Fabrication facility at Nashik, your Company is now more vertically integrated and competitive in terms of offerings and speed of execution.

Technical Tie-ups:

Your Company through an industry institute collaboration agreement in developing oil-free screws and this is a 24 month project, co-funded by the Ministry of Heavy Industries.

Presently, your Company is developing Compressor for higher pressure compression of storage of hydrogen with, IIT Bombay.

The Company has also entered into an agreement with PDC Machines LLC, USA for offering the diaphragm compressors duly packaged in India for various hydrogen projects in India.

Reaccreditation to Metallurgy Lab:

In addition to accredited Metrology Lab, Metallurgy Laboratory is also reaccredited in accordance with the standard "ISO / IEC 17025:2017 - General requirements for the Competence of testing & calibration Laboratories" in the field of "Testing" with expansion in the scope for our Testing facilities at Hadapsar Plant from National Accreditation Board for Testing & Calibration Laboratories.

Pending Settlement of disputes:

The Company, in the month of August 2023, settled pending legal disputes with 117 terminated employees by paying an aggregate amount of ₹ 38.66 Million which was included in Employee Benefit Expense for the quarter ended 30th September, 2023 with this the entire dispute with the said employees was settled.

1.5 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 ₹ 12,299 Million as compared to ₹ 11,569 Million in the previous year.

2. CAPITAL STRUCTURE

2.1 Increase in Share Capital

During the year, the Company allotted 138,400 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 ₹ 276,800/- and was ₹ 129,546,180/- consisting of 64,773,090 equity shares of ₹ 2/- each as on 31st March, 2024.

2.2 Employee Stock Option Scheme

Your Company introduced KPCL ESOS 2019 in order 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.

During the year, your Company listed on the National Stock Exchange of India (NSE) with effect from 26th April, 2023. As a result, NSE has granted in-principle approval to the KPCL ESOS 2019 on 14th August, 2023.

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 in to Equity Shares of ₹ 2/- each
22nd October, 2019	684,000	684,000
29th April, 2021	104,000	104,000
19th October, 2022	164,000	164,000
19th October, 2023	114,000	114,000

The details of options granted, vested, exercised, lapsed / cancelled during the year 2023-24 and outstanding at the end of the year is provided in Note No. 28 to the Financial Statements for the year ended 31st March, 2024. During the year, 138,400 equity shares were allotted as a result of exercise of options resulting into realization of ₹ 21,312,000/-.

The Company has not granted any options to Key Managerial Personnel during the year. 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 inspections by the shareholders during the ensuing Annual General Meeting. 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-shareholders/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-shareholders/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:

- Platinum & Gold award in the areas of Digitalization and Talent development during the CII HR Ideathon 2023
- Kincentric Best Employer - 2023

Awards in 37th National Convention on Quality Concepts (NCQC - 2023)

- 3 "Excellence Award Trophy";
- 2 "Par Excellence Award Trophy"

Awards in 38th Annual Chapter Convention on Quality Concepts (CCQC - 2023)

- 5 "Gold Award Trophy";
- Best Student Presentation Award at City University of London's 13th International Conference on Compressors and their Systems.



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 2015-16	₹ 1,626,506
Interim Dividend for year 2015-16 (PHL)	₹ 1,374,786
Total	₹ 3,001,392
No. of shares of ₹ 2/- each	13,692

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 31-03-2024	Corresponding Number of Equity Shares of the Company	Date of Transfer
1	Interim Dividend 2016-17# (Interim PHL)	1,184,610	157,948#	03-May-24
2	Interim Dividend 2016-17	4,140,600	414,060*	01-Sep-24
3	Final Dividend 2017-18	3,718,140	309,845*	29-Aug-25
4	Interim Dividend 2018-19 (Interim)	1,538,571	1,538,571**	28-Feb-26
5	Final Dividend 2018-19	2,270,459	1,513,639**	25-Aug-26
6	Dividend 2019-20 (Interim)	1,572,420	1,572,420**	28-Feb-27
7	Dividend 2019-20 (Second Interim)	2,979,639	1,752,729**	09-Apr-27
8	Final Dividend 2020-21	4,630,061	1,322,875**	25-Aug-28
9	Dividend 2021-22 (Interim)	1,907,666	1,192,291**	05-Mar-29
10	Dividend 2021-22 (Final)	3,070,716	1,279,465**	25-Aug-29
11	Dividend 2022-23 (Interim)	2,874,755	1,149,902**	02-Mar-30
12	Dividend 2022-23 (Final)	1,794,095	598,032**	25-Aug-30
13	Dividend 2023-24 (Interim)	1,312,692	525,077**	01-Mar-31

Notes :

The Sr No. 1 states the amount of dividend declared & paid and corresponding no of shares thereto of erstwhile Pneumatic Holdings Limited, which was merged into the Company w.e.f. 28th April, 2017 by virtue of the order of the Hon'ble National Company Law Tribunal, Mumbai.

* 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 LOANS, GUARANTEES AND INVESTMENTS

No Loans, Guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are given / provided / made during the reporting year. However, a Letter of Comfort provided to State Bank of Mauritius (SBM) with respect to Kirloskar Management Services Private Limited to the tune of ₹ 100 Million in the past.

During the reporting year, the Company has not made any investment except investments in Mutual Funds and Fixed Deposits.

6. DIRECTORS

i. Directors

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

ii. 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 Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Independent Directors have complied with the code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

All the Directors and Senior Management Personnel have also complied with the Code of Conduct of the Company as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for its Directors and Senior Management.

iii. 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/en/investors/company-policies>

iv. 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 Companies Act, 2013 and Regulation 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out performance evaluation of its own performance and that of its committees and individual Directors.

v. Number of Meetings of the Board

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, six 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 Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. 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 Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as changes in the composition, if any and no. of meetings held during the year forms part of the Report on Corporate Governance.

viii. 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, 2024 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 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 Statement 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

a) 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 five (5) consecutive years from the conclusion of the 46th Annual General Meeting till the conclusion of the 51st Annual General Meeting 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, 2024.

b) 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 2024-25 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, 2025 is proposed for approval in the forthcoming Annual General Meeting.

c) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 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, 2024.

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 2023-24.

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 Companies Act, 2013, 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 Obligations and Disclosure Requirements) Regulations, 2015 is annexed and forms part of the Annual Report.

The changes in the Key Managerial Personnel during the year are covered in the Corporate Governance Report under the section of Senior Management.

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 Companies Act, 2013 is available on the web-link: <https://www.kirloskarpneumatic.com/investors/for-share-holders/agm-results>

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 Companies Act, 2013.

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).

This year your Company conducted a Society Perception Survey through an external agency to know the satisfaction levels about our CSR initiatives as well as to understand the post Covid-19 needs and expectations of the community stakeholders in order to identify improvement opportunities. While the overall CSR Satisfaction Index was at a healthy 95%, the survey with focused group interactions helped us to consolidate existing initiatives and identify new initiatives.

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 diploma programs in Mechatronics & Smart Factory and Electronics & Embedded Systems.

‘Bharari’ and ‘KaShi’ initiatives that promote primary and secondary education were continued by incorporating additional modules for holistic learning experience. In addition to educational supports delivered through KaShi (Kanya Shiksha), the Bharari initiative was enhanced by incorporating life skills (7th Std. students) and English language skills in addition to academic skills for 5th-6th and 8th to 10th Std. students.

A new school health initiative named ‘Releshani’, focusing on educating 9th Std. students about adolescence, mental health & well-being and healthy relationship was well received and appreciated by all the schools and children alike.

The infographic displays several CSR initiatives with their respective beneficiary counts:

- 7,500+ People engaged**: Kirloskar Vasundhara Initiative
- 225 Beneficiaries**: Bharari Initiative
- 30 Beneficiaries**: KaShi (Kanya Shiksha) Initiative
- 180 Beneficiaries**: Kirloskar Institute of Management
- 100 Beneficiaries**: NTTF Skill Development Program
- 25,000+ Beneficiaries**: School Drinking Water
- 1,000+ Beneficiaries**: Releshani School Health Initiative

As WaSH intervention, water filtration and purification plants were created for schools in the vicinity of your Company's factory location 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 of schools located nearby Ram Nadi river basin through activities such as wall paintings, workshops and competitions (elocution, drawings etc.).

The 4th Online Ram Nadi Festival as a part of Kirloskar Vasundhara Initiative highlighted the contributions made through such activities. Additionally a 'Millets Festival' was organized through Kirloskar Vasundhara Initiative for schools in the vicinity of your Company's factory location 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) were continued by contributing ₹ 13.75 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 Obligations and Disclosure Requirements) Regulations, 2015, as amended, forms part of this Annual 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 Ethical Helpline to report their genuine concerns. During the year no complaint was reported.

22. FIXED DEPOSIT

Your Company has discontinued accepting fixed deposits since 2001-02. As such, as of 31st March, 2024 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 Annual General Meeting 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. During the reporting year, 4 such programs were conducted which covers 101 employees.
- Online training provided through KORE - Platform to 416 employees during the reporting year.

In addition to the above, as a social responsibility, your Company has also extended awareness sessions for 25 employees and 30 students of the other entities.

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 70-20-10 format, 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. In the FY-24 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 became eligible for the Kincentric Best Employer assessment 2023 and has been recognized as 'Kincentric Best Employer - 2023'. Your company was conferred with the Platinum & Gold award in the areas of Digitalization and Talent development during the CII HR Ideathon 2023.

Your Company has 792 permanent employees and workers on its rolls as on 31st March, 2024.

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 : 25th April, 2024

Place : Pune

ANNEXURE “1” TO THE BOARD’S REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[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 provided 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, 2024** 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, 2024** 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; (**not applicable to the Company during the audit period**);
- 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. Further, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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. However, certain decisions taken by way of circular resolution by Board with the requisite majority and by committees are carried out unanimously as recorded in the minutes of the meetings of Board of Director and Committees of the Board.

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. The Company has re-appointed Mr. Krishnaswamy Srinivasan (DIN 00088424) as Managing Director of the Company in the Annual General Meeting held on July 20, 2023.
2. The Company had made an application to National Stock Exchange of India Ltd (NSE) to list its equity shares and the said application was accepted and listed with effective from April 26, 2023. During the year, the Company has received in-principle approval from NSE for listing of shares, to be allotted pursuant to Kirloskar Pneumatic Company Limited – Employee Stock Option Scheme (KPCL – ESOS 2019) on August 14, 2023.
3. During the Financial Year the Company has allotted 1,38,400 equity shares to its employees under the Kirloskar Pneumatic Company Limited – Employee Stock Option Scheme (KPCL – ESOS 2019).

For SVD & Associates
Company Secretaries

Sd/-

Sridhar Mudaliar

Partner

FCS No: 6156

CP No: 2664

Peer Review number: 669/2020

UDIN: F006156F000224473

Place: Pune

Date: April 25, 2024

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

Peer Review number: 669/2020
UDIN: F006156F000224473
Place: Pune
Date: Date: April 25, 2024

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

ANNEXURE “2” TO THE BOARD’S REPORT

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2023-24

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 CSR 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	Mr Sunil Shah Singh	Independent, Non-Executive Director (Member of CSR Committee)	1	1
4	Mrs Nalini Venkatesh	Independent, Non-Executive Director (Member of CSR Committee)	1	1

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/174996/0/Composition+of+various+committees+of+Board+of+Directors_Feb+2023+%281%29.pdf/de5f4117-b8d4-f688-a37f-5cfbc69f8891?t=1682066419422

CSR Policy approved by the Board

<https://www.kirloskarpneumatic.com/investors/for-share-holders/company-policies>

CSR Projects approved by the Board

<https://www.kirloskarpneumatic.com/documents/174996/0e94ea84-3194-6d57-f7ea-aa5952a56a86>

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 2023-24:

		₹ in Million
a	Average net profit of the Company as per Sub-section (5) of Section 135	1,060.95
b	Two percent of average net profit of the Company as per section 135(5)	21.22
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)]	21.22

6. Details of amount spent on CSR Obligations:

		₹ in Million
a	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	21.22
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)]	21.22

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
₹ 21.22 Million		Nil		Nil	

f. Excess Amount for Set off, if any:

Sr. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 21.22 Million
(ii)	Total amount spent for the Financial Year	₹ 21.22 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 2022-23						
2	FY 2021-22						
3	FY 2020-21						

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

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

Place : Pune

Date : 25th April, 2024

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 23 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

- Elimination of 750 KVA (T3) Transformer by optimizing the load on T2 Transformer hence saving in transformer losses.
- 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 and Isolation of 1,500 kVA transformer from HT side at Saswad.
- 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

- HT Furnace - F7 door modification to convert furnace to normalizing, reduce heat loss and improve specific energy consumption at Heat Treatment shop.
- 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.
- Energy saving by switching Coolant filtration motor pump during cycle instead of keeping continuously ON of two CNC machines.
- Isolation of 4,500 kVA transformer from HT side at Saswad.
- Synchronising of 5 nos. compressors to reduce energy consumption from 38kWh / Cyl. to 26kWh / Cyl.
- 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 Energy efficient Evaporative cooling with BLDC fan for air cooling for air end assembly shop.
- Installation of thyristor base APFC and active harmonics filter to improve power factor from 0.917 to 0.999.
- Installation of 4.5 MW medium voltage drive to reduce 10 % energy consumption during starting.

- 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.
- Replacement of less efficient old AC with new energy efficient split Inverter AC.
- VFD based control panel with pressure transducer for controlling pressure of water circulation of induction furnace.
- Use of Energy Monitoring System (EMS) system at Saswad and Hadapsar Plant.
- Use of Human Sensor for office lightening & of AC saver.
- Use of SCADA and thyristor controlled PID base control panel for heat treatment furnace

d. Waste elimination

- HT furnace F12 & F16 heat insulation to reduce heat loss through surface and to improve specific energy consumption at Heat treatment shop.
- Reduction in specific energy consumption of SR furnace from 25 kWh/Cyl. to 22 kWh/Cyl. by load optimization and furnace refurbishment.
- Use of old scrap steel of 7.5 MT out of total 14 MT for briquetting machine shed.
- Use of day light sheet for use natural sunlight for illumination in foundry and briquetting shop during day shift working.
- Reduction in Power consumption at foundry shop by providing individual switch to each fan to switch off instead of common supply to 3 to 4 fans.
- 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 45.15 KL from hobbing burr and grinding dust at Hadapsar. Also reused 10.62 KL testing oil of compressor after filtration, at Saswad. Total oil recovered and reused is 55.77 KL.
- Use of MS turning burr and metal scrap for making new casting at ferrous foundry. Total of 227.4 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 4.06 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 1418.23 Tons of CO₂ 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 (840 kWp DC) roof top solar power PV plant installed at Saswad and also used 2kWp capacity off-grid solar power plant at Hadapsar Plant. Total units generated by utilizing both plants are 1,196,592 kWh. This 680 kWp roof top solar power PV plant was running for the year and fulfilled 47 % of energy requirement of Saswad Plant in FY 2024.

iii. The capital investment on energy conservation equipments:

Company has made capital investment of ₹ 44.20 Million on energy conservation equipments and technologies adoption for the energy efficiency improvement projects.

B. TECHNOLOGY ABSORPTION

i. Efforts made towards technology absorption:

- Prototyping of a screw compressor, KGS-1000, for biogas compression application is in progress.
- Design optimization of the LP & HP stages of the first 'oil-free' screw compressor suitable for a 160 kW unit is in progress.
- Design and development of a water-cooled, 200-315 kW, air screw compressor package is in progress.

- d. Design and development of a water-injected air screw compressor is in progress.
 - e. Development of Khione series of ammonia screw compressors.
 - f. Development of a refrigerant centrifugal compressor is in progress.
 - g. Design and development of a two-stage, air centrifugal compressor, A-800, of 800 cfm capacity is in progress.
 - h. Development of a high-pressure hydrogen compressor is in progress.
 - i. Development of KZX4 and KZW31, refrigerant reciprocating compressors completed.
 - j. Launched single-effect, steam and hot-water driven vapour absorption chillers.
 - k. Development of Large capacity chiller 1100 to 1500 TR.
 - l. Development of hydraulic gas boosters.
 - m. Development of KGC-34 frame for gas reciprocating compressor.
 - n. Design and development of KRM 1750, a reciprocating compressor for railway brake application is in progress.
 - o. Development of semi-hermetic refrigeration reciprocating compressors is in progress.
- ii. Benefits derived like product improvement, cost reduction, product development or import substitution:**
- a. Design & experimental validation of an energy-efficient air screw compressor package for 55 kW in both fixed speed version and variable speed version.
- b. Development of cost optimised, new air screw compressor packages for 75 & 90 kW in both fixed speed version and variable speed version.
 - c. Development of an energy-efficient, air-screw compressor for 55 & 75 kW is completed.
 - d. Development of 15-22 kW belt-driven air screw compressors completed.
 - e. Development of 7-11 kW belt-driven air screw compressors completed.
 - f. Development of diesel portable, air screw compressors 500-175, 450-200 completed.
 - g. Development of diesel portable, air screw compressors 300-150, 350-125, 400-100 completed.
 - h. Development of zero-couple, air reciprocating compressor completed.
 - i. Development of cost-effective series of air screw compressors, ARiA, completed.
- 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:**
- ₹ 148.73 Million
- C. FOREIGN EXCHANGE EARNINGS AND OUTGO**
- Foreign Exchange Earning earned during the year:
₹ 689.29 Million
- Foreign Exchange Outgo during the year:
₹ 1,696.60 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 2023-24	Ratio of remuneration of each Director / to median remuneration of employees
1	Mr Rahul C Kirloskar, Executive Chairman	11.98	83.33
2	Mr K Srinivasan, Managing Director	1.84	53.87
3	Mr Atul C Kirloskar, Non-Executive Director	29.73	1.42
4	Mr G Krishna Rao, Independent Director	13.33	3.52
5	Mr Sunil Shah Singh, Independent Director	10.49	3.49
6	Dr Ajay Dua, Independent Director	8.65	3.35
7	Mrs Nalini Venkatesh, Independent Director	32.43	1.45
8	Mr Tejas Deshpande, Independent Director	47.62	2.75
9	Mr Mahesh Chhabria, Non-Executive Director	3.70	1.66
10	Mr Pravir Kumar Vohra*, Independent Director	NA	NA
11	Mr Suhas S Kolhatkar**, Vice President and Chief Financial Officer	NA	NA
12	Mr Ramesh Birajdar***, Vice President and Chief Financial Officer	NA	NA
13	Mr Jitendra R Shah, Company Secretary & Head Legal	3.30	NA

Notes:

- 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.
- * Details not given as Mr Pravir Kumar Vohra was Director for the part of the financial year 2022-23 i.e. w.e.f. 19th October, 2022.
- **Mr Suhas S Kolhatkar, Vice President and Chief Financial Officer superannuated on 1st January, 2024.
- ***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.

- In the financial year, there was an increase of 9.14% in the median remuneration of employees.
- There were 792 permanent employees on the rolls of Company as on 31st March, 2024.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2023-24 was 7.18% whereas average percentage increase in the managerial remuneration is 7.31% mainly due to value of perquisite on the exercise of stock options.
- The Board affirms that the remuneration is as per the Nomination and Remuneration policy of the Company.

Management Discussion and Analysis

Building Sustainable Competitive Advantage through the Magnificence of Manufacturing:

At Kirloskar Pneumatic, our commitment lies in consistently delivering superior Compressors and Compression Systems. Your Company achieve this through a relentless pursuit of Innovation and Manufacturing Excellence.

Over the years, many companies have strategically outsourced a significant portion of their manufacturing operations. This approach addresses challenges in workforce management, infrastructure requirements and capital expenditures, while also taking advantage of global cost efficiencies. However, this strategy has led to a gradual loss of expertise in key processes, impacting the companies' ability to innovate and drive future growth in these areas. This shift also contributes to the phenomenon of jobless growth observed in the industry.

At Kirloskar, we believe in the Magnificence of Manufacturing as the bedrock for building an enduring and competitive business. This gives us the ability to constantly innovate and improve on our Products and Processes delivering superior value to our customers. Unlike other streams, Manufacturing builds not only a competitive advantage for the company; it also creates family-building/community-building jobs. It creates a sustainable and equitable ecosystem. That's magnificence in its true sense.

During the last few years, we at Kirloskar have invested in building manufacturing excellence: Be it the finest Screw Rotor

manufacturing facility; be it the one-of-its-kind Tezcatlipoca Impeller manufacturing set-up; the most energy-efficient half-a-ton part forging facility for alloy steel gear blanks; integrated fabrication and finish machining facility for complex base frames of upto 50 tons and other system packages..... the list goes on. And we have just started on this pivot. There are several more projects on the anvil that will make Kirloskar a truly integrated Compressor and Compression System manufacturing company.

The Magnificence of Manufacturing is based on Science and Technology. At Kirloskar, we have over 200 Engineers working in our R&D as well as the Design and Engineering team. We have during the last few years received 8 patents, 11 design registrations, 6 trademark and filed 3 patents, 2 Design Registrations, 17 Trademark and 24 peer-reviewed technical papers at international forums. There have been over 60 mini-projects on process improvements in manufacturing. These are in Digitalization / Smart manufacturing, Electrification of processes that can eventually be made 'green', Circular manufacturing process and processes with zero waste etc.



Management Discussion and Analysis

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The ESG initiatives are in this way imbedded in the Magnificence of Manufacturing.

As a commitment to building Manufacturing excellence on an ongoing basis, even the new CSR initiatives are with Nettur Technical Training Foundation (NTTF) that will train underprivileged wards to become skilled technicians who will then get well paying manufacturing jobs in industry.

Manufacturing excellence as a process has helped the company to improve its profitability in a year when the topline sales growth was muted on account of lower exports. However, as the company becomes more and more competitive both in its offerings and in its costs, we will continue to increase our market share in all our business verticals. The near 50% plus growth in order booking during the year is a testimony to this.

At Kirloskar, Handling Pressure is our Business and we will excel in this through the **Magnificence of Manufacturing!**

Global economic overview¹ & Outlook

In the year 2023, the global economy demonstrated resilience, despite facing volatility in commodity prices and significant geopolitical hurdles across Europe and West Asia. Inflation declined to 5.3%, surpassing the projections set by the International Monetary Fund in October 2023, while global growth reached 3.1%.

According to the IMF, global growth is estimated to be approximately 3.1% in 2024 and reach 3.2% in 2025. The elevated interest rates implemented by several central banks across major economies to combat inflation and withdraw fiscal support amid high debt, is likely to weigh on economic activity.

Inflation is likely to stabilise following the monetary tightening measures implemented by the central banks of major economies of the world. Global headline inflation is expected to decline to 5.8% in 2024 and 4.4% in 2025.

As per the recent report of International Monetary Fund, global conflict can undermine trade. As you'll be aware, attacks on cargo ships in the Red Sea have forced a rerouting of vessels between Asia and Europe, driving up container prices. Shipping disruptions are particularly detrimental for Pacific Island countries, with which both depend heavily on imports and are poorly connected to global shipping networks. Such frictions reinforce the impact of trade restrictions that continue to be implemented at a rapid pace both in Asia and elsewhere. Few regions have benefited as much from trade integration as Asia. Hence, geoeconomic fragmentation continued to be a large risk.

Indian economic overview and outlook

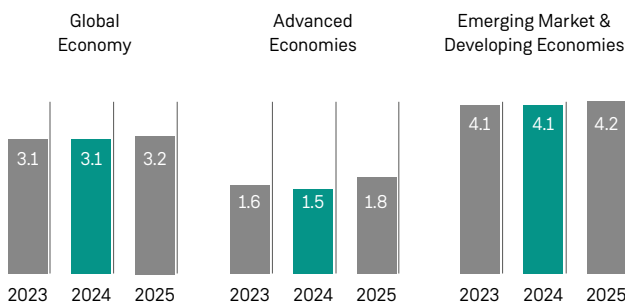
Despite facing persistent inflation, India maintained its position as one of the world's fastest-growing economies during the fiscal year FY 2023. The Indian economy observed a slight increase in inflation from 4.9% in October 2023 to 5.7% in December of the same year. However, a reduction to 5.1% in January 2024 was observed due to positive developments in the food sector. India's economy is anticipated to surpass 7.6%² exhibiting resilience while navigating global challenges as per Ministry of Statistics & Programme Implementation, Government of India. Leveraging its G20 host position, India has actively advocated for significant multilateral initiatives. The Indian banking sector has played a crucial role in driving economic growth through effective monetary policies.

Even International Monetary Fund has noted that India has successfully navigated multiple shocks in recent years and it's now one of the fastest growing major economies in the world. Now, India has put lot of emphasis on Capex spending in terms of building infrastructure; be it airports, roads, railroads and so on. And that's clearly had a very beneficial impact on growth. This is led by private consumption and public investment. Now, consumption is picking up with inflation coming down right now, inflation about 4.7 percent in India, which is close to the mid target of 4 percent. So inflation is coming down and expects to come down even further. That should provide a fill up to consumption going forward.

The Indian Government's fiscal policy for FY 2024-25 is to strengthen the domestic economy while maintaining macroeconomic stability in the face of global challenges. Emphasising on inclusivity and sustainability, this policy aims to better equip the economy to deal with unforeseen challenges. A significant portion of resources is allocated for capital investment to maintain the momentum of infrastructure development, with a collaborative approach to fiscal federalism to assist state-level initiatives in this area. Innovative resource allocation mechanisms are being introduced to improve cash management, demonstrating the Government's commitment to strengthening the Indian economy and promoting comprehensive development across all sectors.

WORLD ECONOMIC OUTLOOK APRIL 2024

GROWTH PROJECTIONS



INTERNATIONAL MONETARY FUND

¹<https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>

²https://www.mospi.gov.in/sites/default/files/press_release/PressNote_onGDP_SAE_Q3_FRE_SRE_TRE01032024.pdf

Interestingly, the next seven fiscals (2025 - 2031) will see the Indian economy crossing the USD 5 trillion mark and inching closer to USD 7 trillion. A projected average expansion of 6.7% in this period will make India the third-largest economy in the world and lift per capita income to the upper middle-income category by 2031.

To be sure, there will be near- and medium- term challenges posed by geopolitics, slowing potential growth from an uneven global recovery, climate change and technological disruptions.

As per CRISIL Market Intelligence & Analytics Report on India Economy (March 2024), the Indian economy will take support from domestic structural reforms and cyclical levers and can retain — perhaps even improve — its growth prospects.

This can be done by continuing to build infrastructure — both digital and physical — and undertaking growth-enhancing reforms aimed at improving the ease of doing business. Amid global risks, this can also allow India to grasp opportunities from diversifying global supply chains.

Company overview

Kirloskar Pneumatic Company Limited (KPCL), one of the core companies of the Kirloskar Group, was founded by Late Shri Shantanurao Kirloskar in 1958*. KPCL caters to a wide range of industries, including oil, gas, steel, cement, food and beverage, railway, defence, marine sectors and more by offering diverse range of products.

State-of-the-art scalable manufacturing facilities ensure prompt and reliable services and quality products are being delivered to the consumers. Their large in-house capabilities have enabled the Company to establish a geographic footprint spanning more than 30 countries. Consistent investments in manufacturing processes have facilitated the Company to modernise its facilities, streamlining its operations, reducing delivery time and maintaining quality and consistency in production.

The sites in Hadapsar, Saswad and Nashik represent the Company's technological prowess. The Company is equipped with one of the most modern machine shops in India. KPCL has a state-of-the-art plant for manufacturing high precision screw, reciprocating and centrifugal compressors, gears, pinions, etc. The newly inaugurated forging facility to make High Speed Gear Blanks and a comprehensive fabrication facility to make base frames, pressure vessels and a range of heat exchangers etc. The Company is working on the Industry 4.0 initiatives with use of IIoT, bar code and digitalization etc. Highly-trained and qualified Service Personnel present across India contribute to the seamless operation of KPCL.

The Company is divided into two segments – compression products and non-reportable segments and is exploring opportunities to export to the Middle East, South East Asia, Indo-China and South and West Africa.

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

Compression products

Under the compression segment, KPCL have three primary product lines: air compressors, refrigeration compressors and compression systems and gas compressors and compression systems. With over 60 years of experience, KPCL has established itself as a leading manufacturer in its industry.

All of these businesses are poised for growth as it caters to the strong demand from multiple industrial sectors, both domestically and internationally. KPCL have a reputation for developing a diverse range of innovative products that are tailored to meet the specific needs of the Indian market.

Moreover, KPCL consistently upgrades its products to ensure that they meet the highest quality and reliability standards. KPCL's growth is further supported by a shift in the global energy landscape. This shift is driven by a combination of environmental concerns and political factors, leading to an increase in demand for the Company's products. With these favourable trends in place, the company is well-positioned to expand its activities and continue its successful trajectory.

Air Compressor business

Air Compressors are used to compress air for diverse purposes such as instrument air to control complex plants as well as service air, power tools, pneumatic, machinery and conveying. They are utilized in the industrial sector for air motors, feed air for gas plants and driving pneumatic cylinders during machining process.

From 2021 to 2026, the worldwide air compressor market is predicted to increase at a CAGR of roughly 4%, driven by rising demand for energy-efficient compressors and a growing industrial sector.



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

Due to increased demand for compressors in the industrial and automotive industries, the Asia-Pacific region is likely to be the fastest-growing market. Air compressors have the highest market size of about approximately USD 30 billion.

There are three types of Air compressors:

- a) Screw compressors – largely used for general applications requiring compressed air.
- b) Reciprocating compressors – used in small applications with high pressure : for LPG, air separation, CO₂ etc.
- c) Centrifugal compressors – large volume of air in metal, textile and pharma Industry.

KPCL has long enjoyed a strong position in the market for reciprocating compressors. Air Compressor Systems offers a wide range of compressors from 15 distinct product categories. KPCL, a relatively new player in the screw compressor market, has a long-term competitive advantage in this industry since it controls the full value chain, with the ability to design, manufacture, sell and service these machines in India.

In addition, the capabilities of the centrifugal compressor have been improved by optimizing the in-house manufacturing processes and reducing lead time. Additionally, the Company has achieved indigenization of its screw rotors and centrifugal impeller.

The Air Compressor business continues to grow with its two new product lines, the Tezcatlipoca Centrifugal Compressors, and the Aria-Atmos Standard Screw Compressors both doing well. The Tezcatlipoca has quickly established itself as the preferred choice amongst Centrifugal Compressor buyers. We have a good bank of orders for execution for this in FY 2025. This is being the only fully Made in India Centrifugal Compressor in the market, offers the lowest lifetime cost of ownership. We expect this to be a star product group going forward, driving growth.

Overall, there was an intense competition in the Air Compressor space with nearly all the global players being present and vying for market share. We continue to grow our business profitably albeit at a moderate pace.

Refrigeration business

The global industrial refrigeration industry is projected to be worth USD 10 billion. The global refrigeration compressor market is expected to grow at a CAGR of around 4.5% from 2021 to 2026, driven by the increasing demand for refrigeration systems in developing countries and the growing demand for energy-efficient and eco-friendly refrigeration compressors. The Asia-Pacific region is expected to be the largest and fastest-growing market due to the increasing demand for refrigeration systems in the food and beverage industry.

In Hydrocarbon refrigeration, the business is dominated by players who have exhibited a ‘Proven Track Record’ (PTR) in the market. Your Company is a dominant player in the Hydrocarbon refrigeration market as it has a very strong PTR in handling Hydrocarbons. These refrigeration systems employ a



range of refrigerants, including hydrocarbons such as propane and propylene and Butane as well as mixture of these and other hydrocarbons.

The Company benefits from its ‘Concept to Commissioning’ methodology, which is used to stay ahead of the industry’s increasingly stringent environmental, quality and safety regulations.

The Company holds a significant market share of approximately 60% in the field of ammonia refrigeration compressors. As part of its efforts to accelerate the development of new products, the Company has made investments in an in-house performance testing facility dedicated to refrigeration compressors.

During the year, KPCL had record sales of Bare-Shaft Ammonia Compressors used in cold chain and ice plants. KPCL remain a dominant player in this segment. The larger installations in food processing plants, dyes and pharma continue to be dominated by imported compressors. KPCL have just started installing its newly product namely Khione Screw Compressor packages in this area. This should see a significant scale up in FY 2025.

The Refrigeration package sales to the ammonia terminals and petrochemical plants were affected by delays in delivery of compressors from Europe, as well as in getting clearance from the EPC contractors for the site. KPCL expect this challenge to ease during the next two quarters.



Process Gas Business

Process gas compressors are utilised in a variety of sectors such as oil and gas, chemical and petrochemical. These compressors are used to compress gases such as natural gases, biogas, nitrogen, hydrogen and carbon dioxide for use in a variety of industrial applications.

The market for gas compressors is around USD 4.7 billion, while the market for gas compression systems is approximately USD 24 billion, driven by rising natural gas consumption and the expanding petrochemical industry. The Asia-Pacific region is expected to be the largest and fastest-growing market due to the increasing demand for natural gas in developing countries and the growing chemical and petrochemical industries.

This industry is regarded as a worldwide enterprise because of our capacity to make these plants and packages anywhere, sell them anywhere. This business is dominated by the phrase ‘Proven Track Record’ (PTR). Gasification of the energy basket is a worldwide trend that is supporting this growth. The Company is able to capture this market by using their strong design and engineering capabilities. The Company has a significant market share in the oil and gas industry in India.



During the year, KPCL had record execution of order for oil and gas projects in India and this not only contributed to sales growth but also compensated to the poor offtake of CNG packages. KPCL continue to have strong orders in this space. CNG packages and Calana Booster Compressor installations continue to lag in spite of various steps and announcements in the sector. KPCL expect to see material change on the ground in FY 2025.

There has been a significant uptick in both inquiries and finalization of orders for Biogas Compressor Packages. The Company has as of now, the most cost-effective compressor package for this, the Jarilo range that can handle gas from 0.5 to 250 bar in Four Stage Configuration. KPCL expect this business to become a significant one during FY 2025 with several major projects under finalization.

Export of gas packages to MENA region was lower by nearly a 100 Crore as we mentioned earlier. KPCL does not expect any significant improvement in FY 2025 with the current situation in this region. However, our investment to build this business in Southeast Asia is bearing fruit and this will grow gradually.

The O&M services business continues to grow with the installed base itself growing, KPCL expect this to become more and more significant as we go forward.

The Compression Segment contributes 93% of total revenue and is the only reportable segment.

Other businesses

KPCL's Transmission Division offers gears to the Railway. The Company's expertise spans across various gear and gearbox

types, ranging from sub-megawatt to higher megawatt applications. KPCL serves across various niche segments, including rail traction gears, marine gearboxes and renewable energy sectors like wind and hydro turbines.

The forging plant will primarily make blanks for our rotors, which goes into our centrifugal and is also for gears that we sell to the railway. It gives us a very strong competitive advantage in these areas.

Outlook

The global economy is getting into a new normal with all the wars and uncertainties getting plugged in. The initial rush to find alternate gas sources, reducing the concentration of supply chain to one country have clearly crossed the hump. We are into a period of relative stability and modest growth. However, KPCL have the advantage of being India-focused and this is an area of high growth. Further, the strategy to focus on building in-house capabilities for manufacture of most critical items and to build a new range of compressors for various requirements based on our IP and Design will further strengthen our competitive position in this market. With a strong order bank at the start of the year, we are committed to delivering double digit growth in top line in FY 2025.

Technological overview

Over the years, KPCL has developed extensive in-house capabilities for designing, manufacturing and testing compressors and compressor systems. A dedicated team of over 200 engineers, focuses on design, engineering and development activities, enabling the Company to introduce a wide range of innovative products to meet the evolving demand of the market. This in-house expertise portrays KPCL's dedication to continuously improve and advance within the compressor industry, ensuring the delivery of high-quality, cutting-edge and reliable solutions to its customers.

During the year, your Company has received 13 IP's and had 10 international publications and participated in several international paper presentations and filed 12 IP's, as per the details below:

Particulars	Filed in FY 2023-2024	Granted in FY 2023-2024
Patents	-	2
Trademark	4	1
Design	8	10
Research Publications in International Forum (Out of this two Research Papers recognised and appreciated)	NA	10

New launches

- The Company has launched new products, which include:
- Energy-efficient and cost-effective electric motor-driven screw compressors for compressed air.
- Energy-efficient and cost-effective diesel engine-driven screw compressors for compressed air.
- A new series of ammonia screw compressors.

Value Chain advantages

At KPCL, the range of in-house capabilities has given significant advantages across the value chain. This includes a foundry that produces cast iron, SG iron and aluminium alloys. The Company's elaborate fabrication plant allows for the production of base frames, pressure vessels and a variety of other structures. The Company has established highly alloy steel forging facility with a 32 Ton hammer at Nashik. This can forged parts of sizes upto 500 Kg each.

Internal control and adequacy

The Company has an Internal Control System, proportionate to the size, scale and complexity of its operations. All internal controls 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, the Board has appointed an external auditor, who reports to the Audit Committee of the Board at regular intervals.

The auditor monitors and evaluates the efficiency and adequacy of internal control systems in the Company and ensures 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 2024, 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 ₹ 13,226.20 Million as compared to ₹ 12,393.37 Million in the previous year, an approximate growth of 7%. The growth in sales was mainly driven by higher domestic sales. However, execution challenges coming primarily from large package order, lower export and lower shipment of CNG packages have had a dampening effect on the top line. The profit before tax grew from ₹ 1,432.76 Million to ₹ 1,778.75 Million, a growth over 24%. All businesses, air, refrigeration & gas compressors and compression systems did very well thereby your Company had all round growth during the year.

Your Company's export sales at ₹ 687 Million was significantly lower than the previous year.

The EBITDA in the current year is at 16.50% of total income compared to 14.2% in the previous year. Exceptional item in the profit and loss account is a one-time impact of ₹ 8.38 crores taken on account of impairment of RoadRailer business.

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 19.90% from the previous year's 22.20%, improvement is driven by higher customer advances and more favorable payment arrangement with suppliers. Receivables have increased to 86 days from 81 days in the previous year primarily due to elevated Q4 sales and similarly, supplies outstanding have extended to 86 days from 70 days compared to the previous year attributed to improved payment terms with supplier. Your Company had a net cash position of about ₹ 2,386.30 Million as on 31st March, 2024, 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, Operating Profit Margin and Net Profit Margin as compared to previous financial 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, 2024, your Company's return on net worth improved to 17.81% as compared to 16.52% in the previous financial year resulting from increase in profit for the year.

Risk and concern

The Company recognises the importance of a robust risk management system. The Company follows a proactive approach to systematically address risks. Given the nature of its business, the Company understands its vulnerability to a variety of risks arising from economic, legal, sectoral, ESG (Environmental, Social, and Governance), human resource and operational factors. A comprehensive risk management process enables the Company to remain aware of the risks associated with product supply and project execution. The company-wide Risk Management Matrix is created using inputs from Divisional Risk Management Processes. A dedicated Risk Management Committee examines potential risks and develops mitigation strategies.

For an elaborate risk management approach refers page number 27.



Safety, Health and Environment (SHE)

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 organization. Periodic health checks and counselling sessions 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 organizational-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 surveillance audit of your Company and confirmed that the IMS certificate is sustained. 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. Your Company has been working on ESG initiatives for many years now.

For an elaborate Safety, Health and Environment (SHE) consult page number 51.

Corporate Social Responsibility (CSR)

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.

Your Company has contributed an amount of ₹ 13.75 Million by way of contribution to Kirloskar Institute of Management for promoting higher management education.

Socio-economically challenged students from 5th to 10th Std. from 3 schools in the vicinity of Saswad Plant are supported for development through Bharari Initiative. The initiative that benefits 200+ students was enhanced by adding life skills, English language modules in addition to activities related to academic skill development.

Your Company is supporting education of girls, by supporting daughters of workmen of Cold Storage Units from UP, Gujarat, Rajasthan and MP. 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, 30 girl students benefit from this initiative.

Your Company is supporting 3 batches of 3 year diploma programs in Mechatronics & Smart Factory and Electronics & Embedded Systems comprising of 100 socio-economically challenged students at NTTF facilities at Bengaluru, Dharwad and Pune. The selection criteria have ensured that deserving and needy candidates are selected. 37% of these students are girls, 10% are orphans and 9% are having only mother as a single parent, demonstrating focus on gender diversity, inclusion and equity as a guiding principle for the initiative.

To create awareness about mental health, relationships and issues related to adolescence, your Company's School Health Initiative, Releshani reached out to 1,000+ 9th Std. students from 6 schools through 20 workshops each of 3 day duration during this year.

This year, your Company ensured that 15,000+ students from 5 school locations in the nearby vicinity have access to clean and safe drinking water by installing water filtration and purification plants in their premises. Since last year this WaSH initiative has benefitted 25,000+ students from 14 schools.

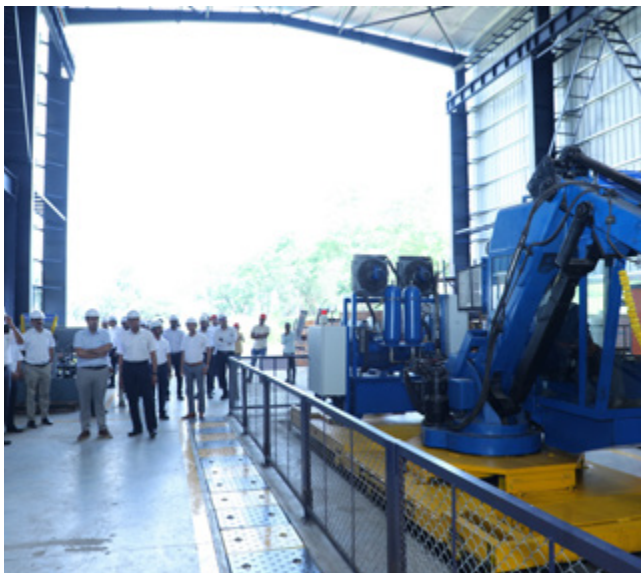
Your Company is supporting various activities in 12 schools associated with Ram Nadi Restoration Mission through its RRM School Initiative in addition to participating in an online Ram Nadi Festival and other Kirloskar Vasundhara Initiative related activities. This year river restoration message reached out to 3,500+ students and teachers by way of wall paintings, awareness workshops and competitions like elocution, drawings etc. The Millets Festival characterized by awareness workshops, wall paintings and millets recipes competition lead to enthusiastic participation from 4,000+ students, parents and teachers from 5 schools.

Overall CSR initiatives of your Company have benefitted 33,750+ community members in this year.

For an elaborate CSR consult page number 53.

People, Processes and Systems: Its Customer first, always!

KPCL has been recognized as Best Employer 2023 by Kincentric 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 organization. This year the priorities of the organization were building collaboration and succession planning of critical roles in the organization. We started the year by defining very clear goals and priorities for each vertical in the HR function. During the year we imparted 3900+



training man-days covering more than 90% of our workforce through 100+ learning initiatives. L&D programs supporting the strategic objectives were designed and implemented during the year. This included Future leaders grooming, contract management, Finance for Non-Finance, team building, Leadership & Managerial Effectiveness, Project Management etc. There were strategic structural changes made during the year to synergize the operations and business teams across the Organization. 3500+ 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 ensured 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 Theme based virtual Round Table sessions, Reward and Recognition Sessions, Sudnyan Knowledge sharing, 5S, Kaizen & 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.

- 

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 for a shared prosperous future
- 

Innovative Thinking
Be Bold & Brave and stay Relevant

Human resource and industrial relations

Kirloskar Pneumatic 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 programs to upskill the workforce. The Company also possesses Leadership development programmes which are emphasised across all levels through structured programs like Frontline Manager Development and Future Leader Programs.

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 & 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 annualized attrition rate for FY 2024 stands at 13.5%, which is better in comparison to the similar industries. We continue to work on simplifying internal processes. HR process owners collaborate with various teams in the Organization 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 customized future leaders program conducted by SLKCEE. These programs covered important topics like Personal Leadership, Team evolution, Art of delegation, People motivation theories, managing self and Team performance.

Learning & 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 2024, the total training provided for employees was at average 4 days per employee which has improved by 60% compared to previous year. This year more than 90% of our employees have undergone at least one training program 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 in 2021, thereby enabling and promoting a culture of self-learning and development in the Organization. Last year, we have focused on imparting training through our LMS and significant number of programs 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 program to develop and groom leaders who are truly "Limitless" who will lead from the front and take the organization to new heights, as a part of succession planning.

Rewards & Recognition: It is understood that employee-motivation is key to many success stories. Acknowledging one's value-addition and recognizing them play an important key role. Recognition schemes are monetary as well as non-monetary. Achievers are recognized 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 conducted Virtual Reward and Recognition programmes for our Achievers Felicitation.

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 institutionalized 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, monthly HBR articles, Quarterly Leadership address, Theme based Round tables sessions and Reward & Recognition sessions. The revamped Marcom approach has resulted into significant rise in the social media followers of your Company. On an average we have 5 social media posts each month regarding various highlights about your Company.

For an elaborate Human resource and industrial relations consult page number 48 named Human Capital.

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 2023-24.

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. 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.

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 '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. Overall, there are Ten Directors as on 31st March, 2024 consisting of Six (60%) Non-Executive and Independent Directors including a Woman Director in terms of LODR Regulations, 2015, Two (20%) Non-Executive Directors and Two (20%) Executive Directors.

In compliance with the Companies Act, 2013 and LODR Regulations, 2015, in the last Annual General Meeting (AGM):

- Mr Rahul C Kirloskar (DIN 00007319), Director was liable to retire by rotation at the 48th AGM. He was re-appointed as a Director in the last AGM held on 20th July, 2023.
- Mr K Srinivasan (DIN 00088424), Managing Director was re-appointed as Managing Director of the Company for a further period beginning from 26th October, 2023 upto 31st March, 2026 on a revised remuneration and on the terms as agreed between the Board of Directors of the Company and Mr K Srinivasan in the last AGM held on 20th July, 2023.

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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, 2024, six Board Meetings were held. The attendance of the Directors was as follows:

Name of Director(s)	Date of Board Meetings					
	27th April, 2023	20th July, 2023	11th August, 2023	19th October, 2023	24th January, 2024	05th March, 2024
Mr Rahul C Kirloskar	✓	✓	✓	✓	✓	✓
Mr K Srinivasan	✓	✓	✓	✓	✓	✓
Mr Atul C Kirloskar	✓	✓	✓	✓	✓	✓
Mr Mahesh Chhabria	✓	✓	✓	✓	✓	✓
Mr Sunil Shah Singh	✓	✓	✓	✓	✓	✓
Mr G K Rao	✓	✓	✓	✓	✓	✓
Dr Ajay Dua	✓	✓	✓	✓	✓	✓
Mrs Nalini Venkatesh	✓	✓	✓	✓	✓	✓
Mr Tejas Deshpande	✓	✓	✓	✓	✓	✓
Mr Pravir Kumar Vohra		✓	✓	✓	✓	✓

The Annual General Meeting of the Company was held on 20th July, 2023. All the Directors as on that date 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, 2024		Committee Position#* (including KPCL) as on 31st March, 2024	
			Name of the Company	Category of Directorship	Member	Chairman
Non - Executive Directors						
Mr Atul C Kirloskar ^{S@} (DIN 00007387)	5	5	Kirloskar Oil Engines Ltd Kirloskar Ferrous Industries Ltd Kirloskar Industries Ltd	Non-Executive Non-Independent - Chairman	1	0

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, 2024		Committee Position#* (including KPCL) as on 31st March, 2024	
			Name of the Company	Category of Directorship	Member	Chairman
Mr Mahesh Chhabria (DIN 00166049)	6	8	Kirloskar Industries Ltd	Managing Director	7	3
			Kirloskar Oil Engines Ltd	Non-Executive Non-Independent		
			Kirloskar Ferrous Industries Ltd	Independent Director		
			ZF Commercial Vehicle Control Systems India Ltd	Non-Executive Independent Director		
			Shoppers Stop Ltd			
Non - Executive - Independent Directors						
Mr G Krishna Rao (DIN 00058985)	6	1	-	-	2	1
Mr Sunil Shah Singh (DIN 00233918)	6	2	ITD Cementation India Ltd	Non-Executive Independent Director	3	2
Dr Ajay Dua (DIN 02318948)	6	2	Dabur India Ltd	Non-Executive Independent Director	2	0
Mrs Nalini Venkatesh (DIN 06891397)	6	2	Kirloskar Ferrous Industries Ltd	Non-Executive Independent Director	0	0
Mr Tejas Deshpande (DIN 01942507)	6	4	Kirloskar Industries Ltd	Non-Executive Independent Director	3	0
Mr Pravir Kumar Vohra (DIN 00082545)	5	5	Kirloskar Ferrous Industries Ltd Thomas Cook (India) Limited IDFC First Bank Limited	Non-Executive Independent Director	6	1
Executive Directors						
Mr Rahul C Kirloskar [®] (DIN 00007319) Executive Chairman	6	6	Kirloskar Ferrous Industries Ltd Kirloskar Oil Engines Ltd ISMT Ltd	Non-Executive Non-Independent Director	3	0
Mr K Srinivasan (DIN 00088424) Managing Director	6	2	Aspinwall and Company Ltd	Non-Executive Independent Director	0	0

Notes: KPCL means Kirloskar Pneumatic Company Limited.

* Excluding Private, Foreign and Section 8 Companies.

For this purpose, only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies are considered.

\$ Promoter Directors.

@ Mr Rahul C Kirloskar, Executive Chairman and Mr Atul C Kirloskar, Director are brothers and related to each other.

v. Meeting of Independent Directors:

Pursuant to Schedule IV of the Companies Act, 2013, 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 year, without the attendance of Non-Independent Directors.

A separate meeting of Independent Directors in compliance with Schedule IV of the Companies Act, 2013 was held during the year.

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:

	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	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Sunil Shah Singh	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr G K Rao	✓	✓	✓	✓	✓	✓		✓	✓
Dr Ajay Dua	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs Nalini Venkatesh	✓	✓	✓			✓		✓	✓
Mr Tejas Deshpande	✓	✓	✓			✓		✓	✓
Mr K Srinivasan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Mahesh Chhabria	✓	✓	✓	✓	✓	✓		✓	✓
Mr Pravir Kumar Vohra	✓	✓	✓	✓	✓	✓	✓	✓	✓

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 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, 2024. A declaration to this effect signed by the Managing Director has been incorporated in the Annual Report.

Mr Sunil Shah Singh is the Chairman of the Audit Committee. 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 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;

4. AUDIT COMMITTEE:

i. Composition:

The Audit Committee currently comprises of 5 Independent Directors namely Mr Sunil Shah Singh, Mr G Krishna Rao, Dr Ajay Dua, Mr Tejas Deshpande and Mr. Pravir Kumar Vohra.

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;
 - 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:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the audit committee), submitted by the management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses;

- e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- f. Statement of deviations:
 - i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
 - ii. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulations 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 Rupees 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 the Committee Members	Date of Audit Committee Meetings				
	27th April, 2023*	20th July, 2023	19th October, 2023	24th January, 2024	05th March, 2024
Mr Sunil Shah Singh	✓	✓	✓	✓	✓
Mr G K Rao	✓	✓	✓	✓	✓
Dr Ajay Dua	✓	✓	✓	✓	✓
Mr Tejas Deshpande	✓	✓	✓	✓	✓
Mr Pravir Kumar Vohra	✓	✓	✓	✓	✓

Note : *The meeting commenced on 26th April, 2023 and concluded on 27th April, 2023.

Mr Sunil Shah Singh, the Chairman of the Committee was present in the Annual General Meeting to answer the shareholder queries.

5. NOMINATION AND REMUNERATION COMMITTEE:

i. Composition:

The Nomination & Remuneration Committee comprises of 4 Directors. Out of that 3 are Independent Directors namely Dr Ajay Dua, Mr G Krishna Rao and Mr Sunil Shah Singh and one Non-Executive Director namely Mr Mahesh Chhabria. 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 the qualifications, positive attributes and independence of Director;
2. Devising a policy on Board diversity;
3. Formulation of Remuneration policy;
4. Review the structure, size and composition of the Board;
5. Identifying and selection of candidates for appointment as Directors;
6. Identifying potential individuals for appointment as Key Managerial Personnel and Senior Management;
7. Formulation of criteria for evaluation of Independent Directors and the Board;
8. Recommend to the Board all remuneration, in whatever form, payable to senior management;
9. Formulation, Administration and Superintendence of KPCL Employee Stock Option Scheme 2019; and
10. Review of succession planning mechanism and recommend changes / modifications thereto, if required.

iii. Meetings & attendance of the Nomination & Remuneration Committee:

During the year, three Meetings were held as per the following details:

Name of the Committee Members	Date of Nomination & Remuneration Committee Meetings		
	26th April, 2023	19th October, 2023	24th January, 2024
Dr Ajay Dua	✓	✓	✓
Mr G K Rao	✓	✓	✓
Mr Sunil Shah Singh	✓	✓	✓
Mr Mahesh Chhabria		✓	✓

Dr Ajay Dua, the Chairman of the Committee was present in the Annual General Meeting to answer the shareholder queries.

expertise & contribution and based on recommendations of the Nomination and Remuneration Committee.

iv. Criteria for performance evaluation:

The annual evaluation of Directors is made on the following criteria:

- attendance for the meetings, participation and independence during the meetings;
- interaction with Management;
- role and accountability of the Board;
- knowledge and proficiency; and
- strategic perspectives or inputs.

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.

6. NOMINATION AND REMUNERATION POLICY:

The Board determines the remuneration payable to the Executive Directors taking into account their qualification,

Details of remuneration paid / payable to Directors during the year 2023-24:

A. Non-Executive Directors

Name of the Committee Members	Sitting Fees	Commission on Net Profit *	Salary & Perquisites	Total	No. of shares held **
Independent and Non-Executive Directors					
Mr Sunil Shah Singh	1.350	1.600	-	2.950	5,000
Dr Ajay Dua	1.225	1.600	-	2.825	0
Mr G Krishna Rao	1.475	1.500	-	2.975	2,000
Mrs Nalini Venkatesh	0.625	0.600	-	1.225	230
Mr Tejas Deshpande	0.975	1.350	-	2.325	0
Mr Pravir Kumar Vohra	0.875	1.250	-	2.125	0
Non-Executive Non-Independent Directors					
Mr Atul C Kirloskar	0.600	0.600	-	1.200	61,07,523
Mr Mahesh Chhabria	0.700	0.700	-	1.400	9,325

Notes:

- * Payable only on adoption of accounts in the ensuing Annual General Meeting.
- ** The above shareholding is considered in the name of first holder (PAN based) only.
- There are no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Company.
- Pursuant to limits approved by the Board, all Non-Executive Directors are paid sitting fees as follows:
 - ₹ 0.100 Million for attending each meeting of the Board;
 - ₹ 0.075 Million for attending each meeting of the Audit Committee;
 - ₹ 0.050 Million for attending each meeting of the Nomination and Remuneration Committee;
 - ₹ 0.050 Million for attending each meeting of the Risk Management Committee; and
 - ₹ 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	12.29
House Rent Allowance	-	-
Contribution to Funds	10.60	4.00
Other perquisites	5.34	18.19
* Commission	35.00	15.00
TOTAL	80.94	49.48
**No. of shares held	74,96,150	1,57,800

Notes:

- * Payable only on adoption of accounts in the ensuing Annual General Meeting.
- ** The above shareholding is considered in the name of first holder (PAN based) only.
- *** 80,000 stock options were granted to Mr K Srinivasan on 29th April, 2021. Out of which 40,000 stock options vested on 29th April, 2023. Accordingly, 10,000 shares were exercised and allotted on 12th May, 2023 and 30,000 on 2nd November, 2023. As the options were exercised during the FY 2023-24, benefit arising out of such exercise forms a part of remuneration for the year ended 31st March, 2024.

7. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Committee functions under the Chairmanship of Mr G Krishna Rao, an Independent Director.

Mr Sunil Shah Singh, 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, four Stakeholders' Relationship Committee meetings were held as per the following details:

Name of the Committee Members	Date of Stakeholders Relationship Committee Meetings			
	26th April, 2023	20th July, 2023	19th October, 2023	24th January, 2024
Mr G Krishna Rao	✓	✓	✓	✓
Mr Rahul C Kirloskar	✓	✓	✓	✓
Mr Sunil Shah Singh	✓	✓	✓	✓

The Company has received 7 complaint(s) during the year and the same were resolved. There was no complaint pending as on 31st March, 2024.

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 currently comprises of 4 Directors.

The Risk Management Committee functions under the Chairmanship of Dr Ajay Dua, Independent Director. Mr Sunil Shah Singh, an 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:

- To formulate a detailed risk management policy;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken; and
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

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 Member	Dates of Risk Management Committee Meetings	
	5th July, 2023	22nd December, 2023
Dr Ajay Dua	✓	✓
Mr Atul C Kirloskar	✓	✓
Mr Sunil Shah Singh	✓	✓
Mr K Srinivasan	✓	✓

9. CORPORATE SOCIAL RESOPONSIBILITY COMMITTEE:

i. Composition:

The Committee functions under the Chairmanship of Mr Rahul C Kirloskar, Executive Chairman.

Mr Sunil Shah Singh, an Independent Director, Mrs Nalini Venkatesh, an 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 on 26th April, 2023 and the same was attended by all the members of the Committee.

10. SENIOR MANAGEMENT:

During the reporting year the following changes took place in the senior management personnel:

- Mr Sadashib Padhee, Vice President - HR superannuated on 1st June, 2023. Mr Ganesh Chaudhari, took over as head of HR with effect from 2nd June, 2023.
- Mr Mrugendra Behere, Vice President ACR Business superannuated on 1st August, 2023. Mr Aman Kirloskar, Associate Vice President took over the charge of ACR Business with effect from 2nd August, 2023.
- Mr Suhas S Kolhatkar, Vice President and Chief Financial Officer and Key Managerial Personnel

iii. Postal Ballot:

The Members of the Company have passed the following Special Resolution by way of Postal Ballot on 28th December, 2022:

Sr. No.	Resolution	Votes in favour of the resolution*		Votes against of 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.

(KMP) superannuated on 1st January, 2024. 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.

- Mr Deepak Lokras, Vice President - PGS promoted as President with effect from 24th January, 2024.

11. GENERAL BODY MEETINGS:

i. The details of the last three Annual General Meetings are as follows:

Date	Time	Location
20th July, 2023	03.30 p.m. (IST)	VC / OAVM
20th July, 2022	10.30 a.m. (IST)	VC / OAVM
20th July, 2021	10.30 a.m. (IST)	VC / OAVM

ii. Special Resolutions passed in last 3 AGM's:

The members of the Company have passed following Special Resolution(s) in the last three Annual General Meeting(s):

Sr. No.	Resolution
1	Annual General Meeting held on 20th July, 2022 Continuation of payment of remuneration to Mr Rahul C Kirloskar, Executive Chairman and Promoter exceeding the threshold limits prescribed under SEBI LODR Regulations.
2	Annual General Meeting held on 20th July, 2021 Re-appointment of Dr Ajay Dua (holding DIN 02318948) as a Non-Executive Independent Director.

No special resolution was passed in the Annual General Meeting held on 20th July, 2023.

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.

11. 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 LODR Regulations, 2015 or any other period extended by the Securities and Exchange Board of India.

The aforesaid financial results are sent to Stock Exchanges i.e. 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 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 Stock Exchanges and placed 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 etc. are also placed on the Company's website: www.kirloskarpneumatic.com

12. GENERAL SHAREHOLDER INFORMATION:

i. Annual General Meeting:

Day & Date

: Saturday, 20th July, 2024

Time

: 03:30 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 20th July, 2024

iv. Book Closure

: 13th July, 2024 to 20th July, 2024 (both days inclusive)

v. Listing on

: BSE Ltd

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
National Stock Exchange India Limited

(with effect from 26th April, 2023)

Exchange Plaza, C 1, Block G, Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051

Annual Listing Fees for the year 2024-25 has been paid to
BSE Ltd. and National Stock Exchange of India Limited.

vi. Stock Code

: 505283 (BSE)

KIRLPNU (NSE)

vii. Depositories

: National Securities Depository Ltd (NSDL)

Central Depository Services (I) Ltd (CDSL)

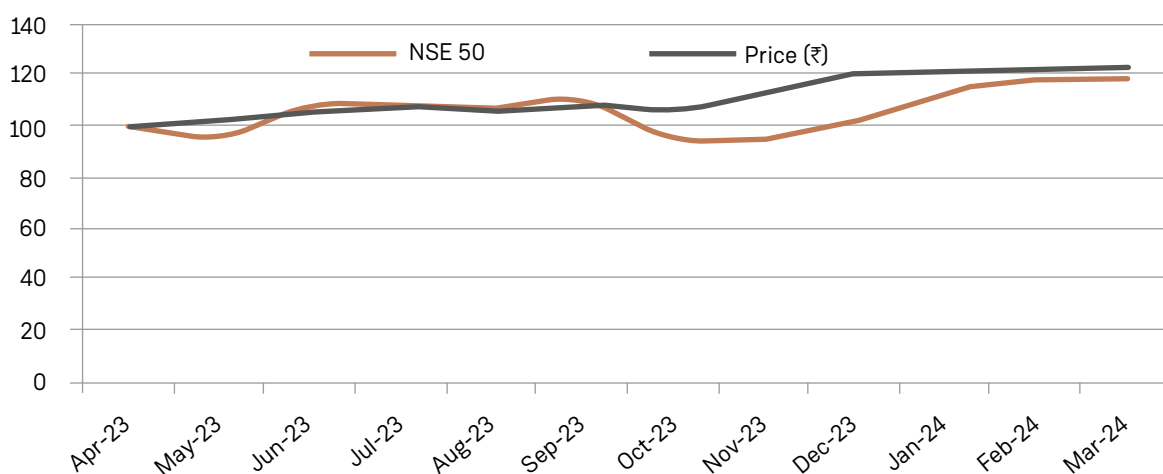
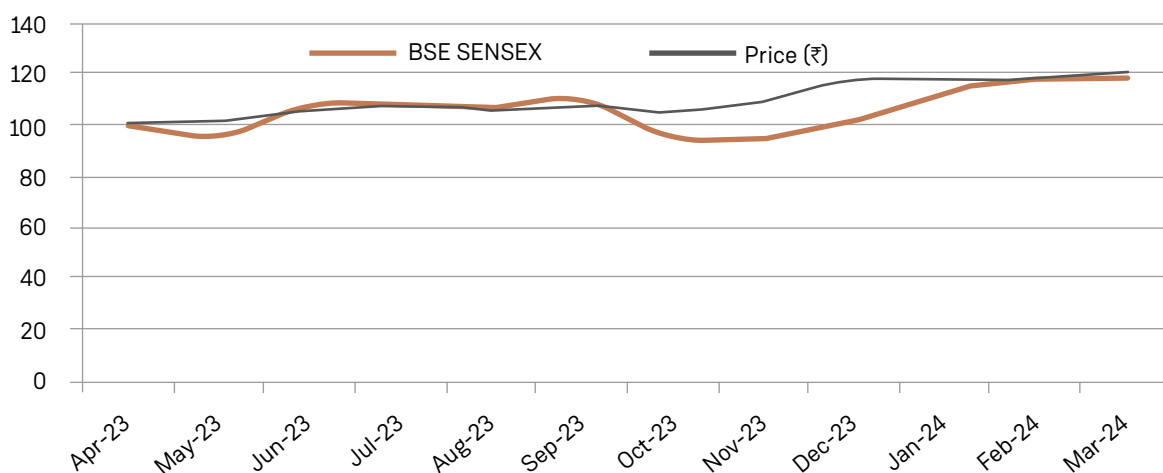
viii. ISIN No.

: INE811A01020

ix. Market Price Data:

Market Price Data as per BSE Limited and National Stock Exchange of India Limited, i.e. High-Low and Close for each month during this financial year:

Stock Exchange	BSE			NSE		
	High (₹)	Low (₹)	Close (₹)	High (₹)	Low (₹)	Close (₹)
April 2023	622.00	544.10	593.65	623.00	542.50	592.65
May 2023	603.00	561.65	565.65	603.00	561.20	564.40
June 2023	673.75	560.00	645.95	674.00	560.10	652.50
July 2023	700.00	609.10	648.35	699.85	602.95	648.10
August 2023	669.15	585.35	637.40	669.70	591.00	643.80
September 2023	661.95	558.50	660.25	662.70	559.05	660.50
October 2023	698.00	555.05	557.30	697.95	554.00	556.90
November 2023	594.00	541.95	567.20	594.00	541.05	568.55
December 2023	653.00	561.60	603.55	655.00	560.95	602.40
January 2024	679.65	590.40	674.65	684.90	592.05	675.85
February 2024	757.95	649.00	702.95	759.90	651.00	703.00
March 2024	758.00	611.00	705.70	751.00	623.25	708.05



x. Registrar & Transfer Agent:

M/s Link Intime India Private Limited is the Registrar & Transfer Agent for shares in physical form as well as electronic mode.

xi. Communication to Members:

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 M/s Link Intime India Pvt Ltd (LIPL) in the prescribed format for KYC documents, which are available at <https://www.kirloskarpneumatic.com/investors/forms> and LIPL website namely www.linkintime.co.in

The Company had already sent communication vide ordinary post on 27th May, 2023 to all the Members holding shares of the Company in physical form for furnishing their PAN, KYC details and Nomination through standardized forms pursuant to the SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023. The aforesaid communication has also been intimated to the Stock Exchange(s) and has been made available on the website of the Company.

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

SEBI Circular no. SEBI/HO/MIRSD/PoD-1/P/CIR/2023/193 dated 27th December, 2023 is also made available on the website of the Company wherein inter alia last date for submission of 'choice of nomination' for demat accounts has been extended to 30th June, 2024.

Share Transfer System:

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form.

Pursuant to SEBI Circular dated 25th January, 2022 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 namely www.kirloskarpneumatic.com

Generating awareness on Dispute Resolution Mechanism:

In accordance with SEBI Letter no SEBI/HO/OIAE/2023/03391 dated 27th January 2023 the Registrar and Share Transfer Agent has sent information as directed by SEBI with respect to "Generating Awareness on Availability of Dispute Resolution Mechanism" vide both email and SMS to shareholders, on 10th February, 2023. The said mechanism has also been placed on the website of the Company.

xii. Distribution of Shareholding as on 31st March, 2024:

	Holding	No. of Members	%	No. of Shares of ₹ 2/- each	% to Capital
UPTO	500	25,710	86.23	25,57,699	3.95
501	1,000	1,917	6.43	14,38,403	2.22
1,001	2,000	1,050	3.52	15,20,802	2.35
2,001	3,000	412	1.38	10,36,203	1.59
3,001	4,000	182	0.61	6,35,938	0.98
4,001	5,000	122	0.41	5,69,343	0.88
5,001	10,000	218	0.73	15,78,087	2.44
10,001	AND ABOVE	204	0.69	5,54,36,615	85.59
Total		29,815	100.00	6,47,73,090	100.00

xiii. 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 98.28% of Share Capital is in Electronic Form as on 31st March, 2024.

- xiv.** 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 following weblink: <https://www.kirloskarpneumatic.com/investors/for-share-holders/agm-results>
- xv.** Details of foreign exchange risk and hedging activities are provided in the notes annexed to and forming part of the financial statements.
- xvi.** CRISIL has reaffirmed AA-/Stable and A1+ rating for Company's long term bank facility and short term bank facility, respectively. Further CRISIL has withdrawn the "CRISIL A1+" rating assigned to the proposal of Commercial Paper (which was obtained in the past on the basis of enabling resolution passed by the Board of Directors) since no longer required.

xvii. Plant Locations:

Pune	Saswad	Nasik
Hadapsar Industrial Estate, Pune 411 013	Saswad, Tal.: Purandar, Dist. Pune	Thermal Power Station Road, Nashik Road, Nashik

xviii. 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

Registrar & Transfer Agent:

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
Fax No. 020 - 46014473/26163503/26161629
Email : pune@linkintime.co.in

Mumbai Office:

C 101, 247 Park,
L. B. S. Marg, Vikhroli (West), Mumbai - 400083
Phone No.: 022 - 49186000
Fax No. 022 - 49186060
Email : mumbai@linkintime.co.in

11. OTHER DISCLOSURES:

i. Related Party Transactions:

There are no materially significant related party transactions during the year 2023-24 that have potential conflict with the interest of Company at large.

As required under LODR Regulations, 2015, the Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions and the same has been available at the following weblink: <https://www.kirloskarpneumatic.com/documents/174996/0a8837d4-d661-7989-64e3-f5a53543c63c>

ii. 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.

iii. 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 received through 'Kirloskar Ethics Helpline'.

The said policy was amended during the year and has been uploaded on the website and the same is available at the following weblink: <https://www.kirloskarpneumatic.com/documents/174996/66ebfffd-cb7b-2b8a-51c1-45fc02f3b7c4>

- iv.** The Company has complied with all mandatory requirements as specified in LODR Regulations, 2015.

v. The Company has also complied with the following non-mandatory requirements:

- a. Audit qualification: Company's financial statements are unqualified.
- b. The Internal Auditor reports to the Audit Committee.

vi. Subsidiary Company:

A policy on material subsidiaries has been formulated by the Company and placed on the website of the Company at : <https://www.kirloskarpneumatic.com/documents/174996/5f3e392d-e15c-1639-088c-9733f2f0ba40>

Company does not have any Subsidiary Company. Hence, no disclosure related thereto is provided.

vii. 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.

viii. 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.

ix. Company has complied with corporate governance requirements as specified in Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) of LODR Regulations, 2015.

x. Total fees for all services paid to the Statutory Auditor:

During the year, total fees for all services paid to the Statutory Auditor is ₹ 3.60 Million.

xi. 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.

xii. 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.

xiii. Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement : Not Applicable

xiv. The Company has not provided any loans and advances to firms / companies in which Directors are interested except a Letter of Comfort amounting to ₹ 10 Crores issued to SBM Bank (India) Ltd. on behalf of Kirloskar Management Services Private Limited.

12. 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 25th April, 2024.

For Kirloskar Pneumatic Company Limited

sd/-

K Srinivasan

Managing Director

DIN 00088424

Date : 25th April, 2024

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 : 25th April, 2024

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, 2024, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (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) of Regulation 46(2) and para C, D and E of Schedule V to the Listing Regulations during the year ended March 31, 2024.
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

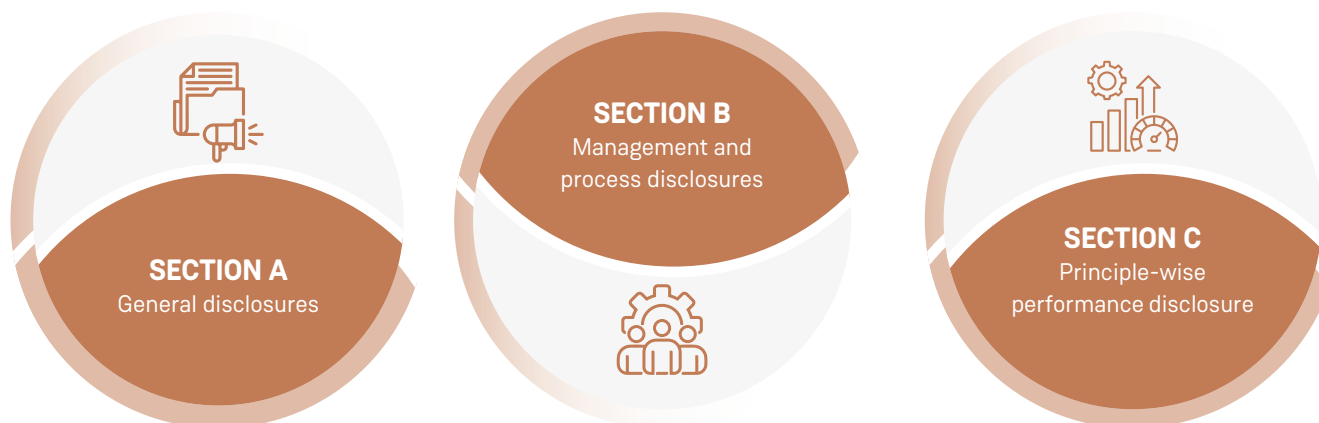
Chartered Accountants
Firm Registration No. 105215W/W100057

sd/-

Anand Jog

Partner
Membership No. 108177
UDIN: 24108177BKAKIH5765
Pune, 25th April, 2024

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	Hadapsar Industrial Estate, Pune 411013
6.	E-mail	sec@kirloskar.com
7.	Telephone	020-26727000
8.	Website	www.kirloskarpneumatic.com
9.	Financial year for which reporting is being done	2023-24
10.	Name of the Stock Exchange(s) where shares are listed	BSE Ltd. (BSE) National Stock Exchange of India Limited (NSE) – Listed with effect from 26th April, 2023.
11.	Paid-up Capital	₹ 129.55 Million
12.	Name and contact details (telephone, email address) of the person for BRSR Reporting	Name: Dr. Suresh Mijar Telephone: 020-26727000 Email: suresh.mijar@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	Not applicable for 2023-24 as per SEBI applicability criteria vide circular dated 12th July, 2023.
15.	Type of assurance obtained	

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%

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%

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) Regional Offices – Mumbai, Ahmedabad, Vadodara, New Delhi, Lucknow, Kolkata, Chennai, Bangalore and Hyderabad	3	10	13
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)	28
	National (Number of Union Territories)	7
2	International (Number of Countries)	26

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports contribute 5% 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 as 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)	720	679	94%	41	6%
2.	Other than permanent (E)	165	142	86%	23	14%
3.	Total employees (D+E)	885	821	93%	64	7%
Workers						
4.	Permanent (F)	72	71	99%	1	1%
5.	Other than permanent (G)	676	669	99%	7	1%
6.	Total workers (F+G)	748	740	99%	8	1%

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	10	1	10%
**Key Managerial Personnel	4	0	0%

*Number as of 31st March, 2024. **2 out of 4 KMPs are also Board Members.

22. Turnover rate for permanent employees and workers:

Category	FY 2024			FY 2023			FY 2022		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)
Permanent employees	15%	16%	15%	17%	32%	18%	16%	21%	16%
Permanent workers	4%	0%	4%	5%	0%	5%	4%	0%	4%

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	KPCL does not have any holding / subsidiary / associate companies / joint ventures.			

VI. CSR Details

24. i. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
 ii. If yes, Turnover - ₹ 13,226.20 Million
 iii. Net worth - ₹ 7,485.60 Million

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 2024			FY 2023		
		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	7	0	Refer notes	6	0	Refer notes
***Employees and workers	Yes	0	0	Refer notes	0	0	Refer notes
#Dealers and Customers	Yes	943	40	Technical, service complaints	924	30	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 81% 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 83% 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 also 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; 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
	<p>KPCL is committed to accelerate its ESG journey and has put in place in a Vision and Roadmap going forward. Following are some examples of its ESG commitments by 2030:</p> <p>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.</p> <p>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.</p> <p>Governance: 1. Cover identified employees under Risk Management and Business Continuity training yearly. 2. Obtain BRSR Core Assurance as per SEBI timeline. 3. Obtain fourth quartile (75-100) LSEG (formerly Refinitive) ESG rating score by 2030.</p>								
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
	<p>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:</p> <p>With a specific commitment KPCL has 1. Contribution of renewable (solar) energy increased by 6 times from 1.5% FY 2023 to 9.2% FY 2024 of total electricity (scope 2 energy) requirement. 2. Increased coverage of health & safety training from 58% FY 2023 to 81% FY 2024 of total workforce. 3. LSEG (formerly Refinitive) ESG rating score of 57 i. e. in 3rd quartile (50-75) as on 31-Mar-2024, which is significantly improved over previous year's score of 44 (2nd quartile).</p>								

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 Kincentric Best Employer India 2023 award 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 & 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
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

	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

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	% 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.	100%
2	*Key Managerial Personnel	6	A factory visit for overview of operations and new developments was also organized for all the Board members. Further awareness was created on ESG initiatives progress, ESG vision & roadmap 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%
3	Employees other than BOD and KMPs	45	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.	94%
4	Workers	24		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 2024.

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or nonmonetary 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 web-link 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 2024	FY 2023
Directors	0	0
Key Managerial Personnel	0	0
Employee(s)	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

Segment	FY 2024		FY 2023	
	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 2024	FY 2023
Number of days of accounts payables	104	82

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 2024	FY 2023
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 top dealers / distributors as % of total sales	22.58%	21.62%
	b. Number of dealers / distributors to whom sales are made	78	60
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	48.27%	50.33%
Share of RPTs	a. Purchases (Purchases with related parties / total purchases)	0.63%	0.66%
	b. Sales (Sales to related parties / Total sales)	0.95%	0.62%
	c. Loans & advances (Loans & advances to related parties / Total loans & advances)	0	0
	d. Investments (Investments in related parties / Total investments made)	0	0

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: 106 training programmes (4258 man-days) were conducted in FY 2024.	Product Training pertaining to quality, safety, environment, operation and maintenance.	KPCL has a dedicated Customer Training Centre. The Company is also putting in place mechanism to capture the value chain coverage 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 2024	FY 2023	Details of improvements in environmental and social impacts
R&D	0	0	-
Capex	14.1%	10.9%	For FY 2023 - rooftop solar plant, fire hydrant system, crane lifeline, energy management system and EnCon Projects etc. For FY 2024 - Environment: briquetting plant, dry paint booth, rainwater harvesting, EnCon projects etc. Social (Safety & Health): electrical, machine, crane & material handling, ergonomics and hygiene 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 (77.5% 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 2023 and One hundred & fifty nine (159) compressors were reclaimed in Scheme 2 launched in FY 2024 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 Do's & 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 taken 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 IMSD & 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 two (22) such Management Programmes were taken up in FY 2024 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 2024	FY 2023
Foundry Steel (MT)	3.05%	3.27%
Foundry Aluminium (MT)	12.60%	10.51%
Foundry Sand (MT)	68.93%	63.82%
Packaging Wood (CFT)	17.21%	10.52%
Machine Oil (KL)	56.04%	38.72%

4. Out of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled and safely disposed:

Stakeholder group from whom complaint is received	FY 2024			FY 2023		
	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.		44.52	KPCL does not directly re-use or recycle the parts of reclaimed compressors.		68.14
Cast Iron Scrap			58.94			59.37
Brass Scrap			0			0.20
Aluminium Scrap			0.37			0.91

Data related to compressors reclaimed / safely disposed at end of life through Scheme 1, Scheme 2 launched in FY 2023, FY 2024 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)	8.77%

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	679	679	100%	679	100%	NA	NA	679	100%	0	0%
Female	41	41	100%	41	100%	41	100%	NA	NA	41	100%
Total	720	720	100%	720	100%	41	6%	679	94%	41	6%
Other than Permanent Employees											
Male	142	142	100%	142	100%	NA	NA	0	0%	0	0%
Female	23	23	100%	23	100%	23	100%	NA	NA	23	100%
Total	165	165	100%	165	100%	23	14%	0	0%	23	14%

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	71	71	100%	71	100%	NA	NA	0	0%	0	0%
Female	1	1	100%	1	100%	1	100%	NA	NA	1	100%
Total	72	72	100%	72	100%	1	1%	0	0%	1	1%
Other than permanent workers											
Male	669	669	100%	669	100%	NA	NA	0	0%	0	0%
Female	7	7	100%	7	100%	7	100%	NA	NA	7	100%
Total	676	676	100%	676	100%	7	1%	0	0%	7	1%

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent):

	FY 2024	FY 2023
Cost incurred on well-being measures (insurances etc. refer 1a and 1b above) and other welfare measures (preventive health care, canteen and transport subsidy, attire etc.) as a % of total revenue of the company	0.87%	0.84%

2. Details of retirement benefits for Current and Previous FY:

Benefits	FY 2024			FY 2023		
	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%	99%	Yes	98%	97%	Yes
*Gratuity	95%	99%	Yes	98%	97%	Yes
Superannuation	43.5%	0%	Yes	43%	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' in FY 25.

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%	89%	*NA	*NA
Female	100%	100%	*NA	*NA
Total	100%	90%	*NA	*NA

*Note: None of the permanent workers availed of parental leave in FY 2024.

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.

1. Permanent workers	Yes, monthly Union Representatives and Management Meetings are held to discuss various topics related to workers.
2. Other than Permanent Workers	Yes, 2 dedicated headcounts for addressing the issues of other than permanent workers are assigned on all days.
3. 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.
4. 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 union(s) recognized by the listed entity:

Category	FY 2024			FY 2023		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are 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	720	0	0%	675	0	0%
Male	679	0	0%	640	0	0%
Female	41	0	0%	35	0	0%
Total Permanent Workers	72	70	97%	74	52	70%
Male	71	69	97%	73	51	70%
Female	1	1	100%	1	1	100%

8. Details of training given to employees and workers:

Category	FY 2024					FY 2023				
	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	821	780	95%	745	91%	727	435	60%	647	89%
Female	64	54	84%	46	72%	53	26	49%	44	83%
Total	885	834	94%	791	89%	780	461	59%	691	89%
Workers										
Male	740	489	66%	639	86%	673	378	56%	489	73%
Female	8	5	63%	8	100%	2	1	50%	2	100%
Total	748	494	66%	647	86%	675	379	56%	491	73%

9. Details of performance and career development reviews of employees and workers:

Category	FY 2024			FY 2023		
	Total (A)	No (B)	% (B/A)	Total (C)	No (D)	% (D/C)
Employees						
Male	821	821	100%	727	727	100%
Female	64	64	100%	53	53	100%
Total	885	885	100%	780	780	100%
Workers						
Male	740	329	44%	673	338	50%
Female	8	1	13%	2	1	50%
Total	748	330	44%	675	339	50%

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 divisional 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 give 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 2024	FY 2023
Lost Time Injury Frequency Rate (LTIFR) (per million-person hrs worked)	Employees	0	0
	Workers	0.21	0
Total recordable work-related injuries	Employees	4	6
	Workers	22	13
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 2024			FY 2023		
	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 on a monthly basis and addressed as improvements (264 improvements in the FY 2024 and 283 improvements in the FY 2023 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 (12 machine guards designed and put in place in FY 2024), 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) Employees: Yes (B) Workers: No

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 are 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 2024	FY 2023	FY 2024	FY 2023
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 2024 – 303 and FY 2023 – 297
Working Conditions	Number of suppliers assessed in the FY 2024 – 303 and FY 2023 – 297

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% 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 2024.

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	<ul style="list-style-type: none"> - Emails, Notices, Displays, Meetings, Intranet, Website. - Review Meetings, Performance Appraisal Dialogues. - KORE Platform (e-Learning Management System), Trainings, Theme Based Virtual Round Tables. - MD’s Address. - In-House Magazine (Impeller). - Employee Engagement Activities. - Get-togethers, Cultural Activities. - HR Dip-stick Survey. - Employee Engagement Survey. 	<ul style="list-style-type: none"> - Continuous / Frequently - Weekly / Monthly / Quarterly / Annually - As per annual training / events calendar - Annual - Quarterly - Annual - Annual - Annual - Alternate Year 	<ul style="list-style-type: none"> - Employee morale and productivity. - Employee health, safety and well-being. - Learning, development and growth. - Policies, processes and performance. - Business communications. - Employee satisfaction, engagement and benchmarking.

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	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - Annual - Quarterly - Continuous / Frequently 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Emails, Website, Telephonic conversations, i-Supplier Web Portal, Virtual Meetings, Visits and Workshops. - Supplier Meets. - Vendor Satisfaction Survey. 	<ul style="list-style-type: none"> - Continuous / Frequently - Annual - Alternate Year 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Emails, Website, Visits and Interactions, O & M Manuals. - Dealer Meets. - Customer Satisfaction Survey. 	<ul style="list-style-type: none"> - Continuous / Frequently - Annual - Alternate Year 	<ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - On-going and Need based 	Statutory and Regulatory Compliances.
Banks	No	Consortium Meetings, Periodical Meetings with the member banks.	<ul style="list-style-type: none"> - Annual and Need based - On-going 	To approve fund based and non-fund based limits for the Company.

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
Society & Communities	<ul style="list-style-type: none"> - School children from weaker sections. - People Living with HIV. - Social criteria for skilling beneficiaries. 	<ul style="list-style-type: none"> - In-person interactions by CSR Team, Volunteers, Partners. - CSR Field Visits. - Society (CSR) Perception Survey and Focused Group Discussions. 	<ul style="list-style-type: none"> - Continuous / Frequently - Alternate year 	<ul style="list-style-type: none"> - 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 inputs received from stakeholders on these topics were 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: 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%, Girls education was enhanced after receiving feedback through KPCL's Society Perception Survey by providing life skills and English language education in addition to enhancing academic skills 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. 37% of 100 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 policy of the entity:

Category	FY 2024			FY 2023		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	720	637	88%	675	171	25%
Other than permanent	165	79	48%	105	70	67%
Total employees	885	716	81%	780	241	31%
Workers						
Permanent	72	6	8%	74	8	11%
Other than permanent	676	120	18%	601	79	13%
Total workers	748	126	17%	675	87	13%

2. Details of minimum wages paid to employees and workers:

Category	FY 2024					FY 2023				
	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	720	0	0%	720	100%	675	0	0%	675	100%
Male	679	0	0%	679	100%	640	0	0%	640	100%
Female	41	0	0%	41	100%	35	0	0%	35	100%
Other than permanent	165	0	0%	165	100%	105	0	0%	105	100%
Male	142	0	0%	142	100%	87	0	0%	87	100%
Female	23	0	0%	23	100%	18	0	0%	18	100%
Workers										
Permanent	72	0	0%	72	100%	74	0	0%	74	100%
Male	71	0	0%	71	100%	73	0	0%	73	100%
Female	1	0	0%	1	100%	1	0	0%	1	100%
Other than permanent	676	22	3%	654	97%	601	22	4%	579	96%
Male	669	22	3%	647	97%	600	22	4%	578	96%
Female	7	0	0%	7	100%	1	0	0%	1	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)	7	2.33	1	1.23
Key Managerial Personnel (includes 2 Directors)	4	25.70	0	NA
Employees other than BoD and KMP	675	0.96	41	0.76
Workers	71	0.42	1	1.07

Information given above is based on permanent headcount of 31st March 2024.

b. Gross wages paid to females as % of total wages paid by the entity:

Parameter	FY 2024	FY 2023
Gross wages paid to females as % of total wages	3.3%	3.3%

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 2024		FY 2023	
	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 2024	FY 2023
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

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 2024.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints:

Not applicable as no grievances / complaints were received regarding violation of Human Rights Policy during the FY 2024.

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	Number of suppliers assessed in the FY 2024 – 303
Child Labour	
Forced Labour/Involuntary Labour	Number of suppliers assessed in the FY 2023 – 297
Wages	

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 2024.

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 2024	FY 2023
From renewable sources		
Total electricity consumption (A) (GJ)	4,307.73	650.29
Total fuel consumption (B) (GJ)	0	0
Energy consumption through other sources (C) (GJ)	0	0
Total energy consumed from renewable sources (A+B+C)	4,307.73	650.29

Parameter	FY 2024	FY 2023
*From non-renewable sources		
Total electricity consumption (D) (GJ)	46,699.71	44,816.11
Total fuel consumption (Diesel) (E) (GJ)	2,553.01	2,566.67
Total fuel consumption (LPG) (E) (GJ)	1,350.87	1,325.80
Total fuel consumption (CNG) (E) (GJ)	637.25	696.55
Total fuel consumption (solid fuel) (E) (GJ)	535.58	2,321.8
Total fuel consumption from other sources (F) (GJ)	0	0
Total energy consumed from non-renewable sources (D+E+F)	51,776.42	51,726.93
Total energy consumed (A+B+C+D+E+F)	56,084.15	52,377.22
Energy intensity per million rupee of turnover (Total energy consumption / Revenue from operations) (GJ/₹ Million)	4.24	4.23
**Energy intensity per million rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumption / Revenue from operations adjusted for PPP) (GJ/₹ Million adjusted for PPP)	94.98	94.67
Energy intensity in terms of physical output Energy intensity (optional) - the relevant metric may be selected by the entity	-	-

Notes:

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 in FY 2024.

*Scope of non-renewable energy sources is expanded. Accordingly previous year's figures have been regrouped.

**PPP conversion rate for year 2024 of 22.4 - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC>

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 2024	FY 2023
*Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	70,355	73,330
(iv) Seawater / desalinated water	0	0
(v) Others (demineralized water used in foundry)	30	48
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	70,385	73,378
Total volume of water consumption (in kilolitres)	70,385	73,378
Water intensity per million rupee of turnover (Water consumed / Revenue from operations in ₹ Million)	5.32	5.92
Water intensity per million rupee of turnover adjusted for Purchasing Power Parity (**PPP) (Total water consumption / Revenue from operations adjusted for PPP) (kilolitres/₹ Million adjusted for PPP)	119.20	132.62
Water intensity in terms of physical output Water intensity (optional) - the relevant metric may be selected by the entity	-	-

Notes:

No specific external assurance (Water Audit) is carried out by KPCL in FY 2024.

*Scope of water withdrawal sources is expanded. Accordingly previous year's figures have been regrouped.

**PPP conversion rate for year 2024 of 22.4 - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC>

4. Provide the following details related to water discharged :

Parameter	FY 2024	FY 2023
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 in FY 2024.

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 purpose (8,410.38 KL and 11,806.20 KL recycled water was used for gardening in FY 2024 and FY 2023 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 ETBs (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 2024	FY 2023
NOx	mg/Nm ³	5.23	4.53
SOx	Kg/day	1.1	0.14
Particulate matter (PM)	mg/Nm ³	17.28	17.25
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 in FY 2024.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Please specify unit	FY 2024	FY 2023
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	315.28	309.87
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	9,288.05	8,913.66
*Total Scope 1, Scope 2 emissions	Metric tonnes of CO ₂ equivalent	9,603.33	9,223.53

Parameter	Please specify unit	FY 2024	FY 2023
Total Scope 1, Scope 2 emissions per million of rupee turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO ₂ equivalent / ₹ Million	0.73	0.74
Total Scope 1 and Scope 2 emission intensity per million rupee of turnover adjusted for Purchasing Power Parity (**PPP) (Total Scope 1 and Scope 2 GHG emission / Revenue from operations adjusted for PPP) (Metric tonnes of CO ₂ equivalent/₹ Million adjusted for PPP)	Metric tonnes of CO ₂ equivalent / ₹ Million adjusted for PPP	16.26	16.67
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:

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 in the FY 2024.

*Scope of GHG emissions (scope 1, scope 2) is expanded and CO₂ baseline conversion factor is updated. Accordingly previous year's figures have been regrouped.

**PPP conversion rate for year 2024 of 22.4 - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC>

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details:

Yes, KPCL in FY 2023 installed and commissioned 840 kWp (DC) Rooftop Solar Plant at our Saswad location. This has helped KPCL to reduce approximately 54% GHG emission resulting from the use of grid electricity (Scope 2) at the said plant in FY 2024.

Additionally, KPCL focuses on plantation and greening of its factory premises and has carried out Carbon Sequestration Assessment of Trees:

Hadapsar Plant (FY 2024) – Trees store 47.51 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 2024) – Trees store 126.49 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 2024	FY 2023*
	Total Waste generated (in MT)	
Plastic waste (A)	7.96	10.25
E-waste (B)	3.51	4.1
Bio-medical waste (C)	0.009	0.014
Construction and demolition waste (D)	193.23	63.00
Battery waste (E)	1.12	0.83
Radioactive waste (F)	0	0
Other Hazardous waste (as per MPCB Consent) (G)	149.80	110.28
Other Non-hazardous waste generated (H). Please specify, if any.	1,435.63	1,360.00
Total (A+B+C+D+E+F+G+H)	1,791.25	1,548.48
Waste intensity per million of rupee turnover (Total waste generated / Revenue from operations)	0.14	0.12
Waste intensity per million rupee of turnover adjusted for Purchasing Power Parity (**PPP) (Total waste generated / Revenue from operations adjusted for PPP) (Metric tonnes of waste generated / ₹ Million adjusted for PPP)	3.03	2.80
Waste intensity in terms of physical output Waste intensity (optional) – the relevant metric may be selected by the entity	-	-

Notes:

* Scope of waste generation is expanded. Accordingly previous year's figures have been regrouped.

** PPP conversion rate for year 2024 of 22.4 - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC>

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 2024	FY 2023
	*Total waste recycled or re-used (MT)	
Recycled or Re-used or other Recovery Options	1,654.45	1,382.12
*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 2024	FY 2023
	*Total waste disposed (MT)	
Incineration or Landfill or other Recovery Options	136.80	166.36
*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 wastes:

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 of its manufacturing plants.

- Name of the area – Manufacturing operations located at Hadapsar (Pune), Saswad (Pune) and Eklahare (Nashik):
- Nature of operations – Manufacturing and service of engineering goods:
- Water withdrawal, consumption and discharge – Refer to Essential Indicator No. 3, 4 of Principle 6.

2. Please provide details of total Scope 3 emissions & its 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 located 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 outcome of such initiatives:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any)	Outcome of the initiative
1	Rooftop Solar Plant-840 kWp	Commissioned at Saswad Plant	54% reduction in grid electricity requirement of the plant
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 174 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 situation that may arise in the course of 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 to 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 2024.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:

303 and 297 suppliers were assessed by KPCL in the FY 2024 and the FY 2023 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 2024.

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 2024:

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 2024	FY 2023
Directly sourced from MSMEs / small producers	49.5%	56%
Directly sourced from within India	77.5%	70%

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 2024	FY 2023
Rural	0%	0%
Semi-urban	16%	14%
Urban	0%	0%
Metropolitan	84%	86%

*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)

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 persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Promoting higher education through KIM	180	-
2	Sponsoring students to promote employability-oriented education / skilling (NTTF Diploma; Mechatronics & Smart Factory)	100	100%
3	Bharari (Primary and Secondary education)	225	100%
4	KaShi (Secondary education)	30	100%
5	Kirloskar Vasundhara, RRM School Initiative	7,500	100%
6	Releshani (School Health Initiative-Adolescence)	1,000	100%
7	Clean Drinking Water plants for schools	25,000	100%

Note: KPCL's various CSR initiatives have benefitted 34,000 + community members in the reporting year of FY 2024.

*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 Social Capital Section, Director's Report and Management Discussion & Analysis in addition to Annexure 2 (CSR Report) of the Annual Report 2023-24. 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 feedbacks are considered by KPCL as the top most 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 on a monthly basis 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 turnovers from all products / service that carry information about:

Parameter	As a percentage to total turnover
Environmental and social parameters relevant to the product	100% of KPCL's products carry information about its responsible and safe usage. KPCL provides relevant environmental, social information as well as do's 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.
Safe and responsible usage	
Recycling and / or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2024			FY 2023		
	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 accounts of safety issues:

Not applicable as KPCL had no instances of either voluntary or forced product recalls on safety issues during FY 2024.

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 taken corrective actions on issues of data privacy such as; Installation of tools like Antivirus Software, Threat removing Software, Intrusion Detection Software, Strong Passwords (End User Training / Awareness and Policies), Preventive Actions, Firewalls, Intrusion Prevention Software, Filtering Software. These continue to be ongoing activities on monitoring and action.

We have planned implementations of SOC (Security Operations Centre), NOC (Network Operations Centre) and SSO (Single Sign On) for all users; (SSO - Go Live from Apr-24, SOC - Go Live from Jun-24, NOC- Under discussion for Service provider evaluation).

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 2024.

b. Percentage of data breaches involving personally identifiable information of customers:

No data breaches were recorded in FY 2024.

c. Impact, if any, of the data breaches:

NA

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 with regard to 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 do's & 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 Auditor's Report

To the Members of
Kirloskar Pneumatic Company Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Kirloskar Pneumatic Company Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2024, 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 Ind AS financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March 2024, 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 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 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 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 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 financial statements of the current year. These matters were addressed in the context of our audit of the 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	<p>Revenue Recognition</p> <p>(Refer note 18, 55.3.1 and 55.4.15 of the accompanying financial statements)</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> 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.

Sr No	Key Audit Matter	How our audit addressed the key audit matter
		<ul style="list-style-type: none"> • 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. • 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 Company's 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Those Charged with Governance for the 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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 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 31st March 2024 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2024 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 with reference to 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 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 Financial Statements (Refer Note 41 to the 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.
 - 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, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility except in respect of maintenance of records related to Customer Master and Vendor Master wherein the accounting software had audit trail feature enabled throughout the year only for certain fields. Further, the audit trail facility has been operating throughout the year for all relevant transactions recorded in the software, except those mentioned above. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
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

Anand Jog

Partner

Membership No.: 108177

UDIN: 24108177BKAKIG1866

Pune, April 25, 2024

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 Auditors’ Report to the members of Kirloskar Pneumatic Company Limited on the Ind AS Financial Statements for the year ended 31st March 2024

We report that:

(i) (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 was carried out in previous year ended 31st March, 2022 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 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.

(ii) (a) The physical verification of inventory has been conducted by the management at reasonable intervals, 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 quarterly returns/ statements filed by the Company with such banks are in agreement with the books of account of the Company.

(iii) During the year the Company has made investments in several Mutual Fund schemes. According to the information and explanations provided to us, such investments are not prejudicial to the Company’s interest. (Paragraph 3(iii)(b) of the Order)

Further, according to the information and explanations given to us and audit procedures performed, 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. Accordingly, reporting under paragraph 3(iii)(a), 3(iii)(c), 3(iii)(d), 3(iii)(e), and 3(iii)(f) of the Order is not applicable.

(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. Further, according to the information and explanations given to us, no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunals during the year. Accordingly, reporting under paragraph 3(v) of the Order is 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) 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 Provident Fund, Income Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Service Tax, Goods & Services Tax, Employees' State Insurance, Cess and any other material statutory dues have generally been deposited regularly during the year by the Company with 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 31st March 2024 for a period of more than six months from the date they became payable, other than dues of Rs. 5,200/- towards Profession Tax.
- (b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at 31st March 2024 on account of dispute are given below:

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	Income Tax Act, 1961	Disallowance under section 14A	Commissioner of Income Tax (Appeals)	FY 2017-18	4.92
3	Income Tax Act, 1961	Addition to Profit under Section 41	Commissioner of Income Tax (Appeals)	FY 2022-23	6.36
4	Central Excise Act, 1944	Inadmissible/Excess cenvat credit	Assistant Commissioner CGST, Pune	August 2013 to July 2016	0.01
5	Customs Act, 1962	Non-compliance of conditions for availing concessional rate of duty	Assistant Commissioner (Customs)-Mumbai	FY 1997-98	1.45
6	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
7	Customs Act, 1962	Incorrect availment of lower duty rate	Assistant Commissioner of Customs, Mumbai	FY 2018-19 & FY 2019-20	0.32
8	Central Sales Tax Act, 1956	Non-production of concessional tax rate forms	Joint Commissioner Appeals, Sales Tax Tribunal	FY 1992-93 FY 2013-14	0.18 0.24
9	Central Sales Tax Act, 1956	Demand under Works Contract Tax	Joint Commissioner Appeals, Sales Tax Tribunal	FY 1985-86 to 1987-88	0.59

* Net of amount paid under protest

- (viii) According to the information and explanations given to us and as represented by management, there are no transactions which are not recorded in the books of account, and which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (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 financial statements of the Company, we report that the Company has not used funds raised on short term basis for long term purposes.
- e. The Company does not have any subsidiary, associates & joint venture during the year. Accordingly reporting under paragraph 3(ix)(e) and 3 (ix) (f) is not applicable.

- (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 financial statements, to the best of our knowledge and according to the information and explanations given to us:
- a. No fraud by the Company or any fraud on the Company has been noticed or reported during the period, nor have we been informed of any such case by the Management.
 - b. No report under Section 143(12) of the Act in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government has been filed during the year.
 - c. No whistle-blower complaints have been received by the Company 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 financial statements as required by the applicable Indian Accounting Standards.
- (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.
 - b. The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year.
 - 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 31st March 2024 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.

(xxi) In our opinion and according to the information and explanations given to us, the Company does not have any subsidiaries, associates and joint ventures during the year. Hence, the Company is not required to prepare Consolidated Financial Statements. Accordingly reporting under paragraph 3(xxi) of the Order is not applicable.

For **Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Anand Jog

Partner

Membership No.: 108177

UDIN: 24108177BKAKIG1866

Pune, April 25, 2024

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 Auditors’ Report to the members of Kirloskar Pneumatic Company Limited on the Ind AS Financial Statements of even date

Report on the Internal Financial Controls with reference to 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 financial statements of **Kirloskar Pneumatic Company Limited** (“the Company”) as of 31st March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s 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 financial statements of the Company based on our audit. We conducted our audit in accordance with the 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 system with reference to the financial statements of the Company.

Meaning of Internal Financial Controls with reference to financial statements

A Company’s internal financial control with reference to 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 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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 financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2024, 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 (ICAI).

For **Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Anand Jog

Partner

Membership No.: 108177

UDIN: 24108177BKAKIG1866

Pune, April 25, 2024

Balance Sheet

as at 31st March 2024

CIN : L29120PN1974PLC110307

	Note No.	As at 31 st March, 2024	As at 31 st March, 2023
₹ in Million			
ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment (Includes ROU Asset)	1	2,279.99	2,179.76
(b) Capital work-in-progress	1A	317.58	213.80
(c) Other Intangible Assets	2	39.30	54.29
(d) Intangible Assets Under Development	2A	31.23	23.78
(e) Financial Assets			
(i) Investments	3	1,727.19	1,418.85
(ii) Loans		-	-
(iii) Other Financial Assets	5	56.76	48.87
(f) Other Non-Current Assets	7	4.80	5.45
TOTAL NON-CURRENT ASSETS		4,456.85	3,944.80
(2) CURRENT ASSETS			
(a) Inventories	9	2,024.90	1,767.90
(b) Financial Assets			
(i) Investments	3	1,855.11	1,037.69
(ii) Trade Receivables	4	3,746.47	3,291.65
(iii) Cash and Cash Equivalents	10	495.91	358.62
(iv) Bank Balance other than (iii) above	10	35.29	35.81
(v) Others	5	790.34	531.10
(c) Other Current Assets	7	348.01	327.68
(d) Assets Classified as Held for Sale	8	97.49	-
TOTAL CURRENT ASSETS		9,393.52	7,350.45
TOTAL ASSETS		13,850.37	11,295.25
EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share Capital	12	129.55	129.27
(b) Other Equity	13	9,116.80	7,822.45
TOTAL EQUITY		9,246.35	7,951.72
(2) LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Lease Liabilities		5.18	7.76
(iii) Other Financial Liabilities	15	0.87	0.89
(b) Provisions	16	75.58	66.41
(c) Deferred Tax Liabilities (Net)	6	180.26	131.20
(d) Other Non-Current Liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		261.89	206.26
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings		-	-
(Current Maturities of Long-Term Debt)			
(ii) Lease Liabilities		2.59	2.44
(iii) Trade Payables	14		
Total Outstanding due to Micro and small enterprises		472.07	364.40
Total Outstanding dues of Creditors other than Micro and small enterprises		1,555.31	1,205.37
(iv) Other Financial Liabilities	15	805.76	700.26
(b) Other Current Liabilities	17	1,373.14	778.09
(c) Provisions	16	77.57	72.11
(d) Current Tax Liabilities (Net)	11	55.69	14.60
TOTAL CURRENT LIABILITIES		4,342.13	3,137.27
TOTAL LIABILITIES		4,604.02	3,343.53
TOTAL EQUITY AND LIABILITIES		13,850.37	11,295.25
Notes forming part of the Financial Statements	1 - 55		

As per our attached report of even date.

For and on behalf of The Board of Directors

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Anand Jog
Partner
Membership No. 108177

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 25, 2024

Pune, April 25, 2024

Statement of Profit and Loss

for the year ended 31st March, 2024

CIN : L29120PN1974PLC110307

₹ in Million

	Note No.	2023-24	2022-23
INCOME :			
I Revenue from Operations	18	13,226.20	12,393.37
II Other Income	19	194.17	111.87
III TOTAL INCOME (I + II)		13,420.37	12,505.24
EXPENSES :			
Cost of Materials Consumed	20	6,676.24	6,286.42
Purchase of Traded Goods	21	437.28	388.52
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	22	5.95	296.61
Employee Benefits Expenses	23	1,639.38	1,436.94
Finance Costs	24	0.57	0.78
Depreciation and Amortization Expenses	25	354.67	335.37
Other Expenses	26	2,443.77	2,327.84
IV TOTAL EXPENSES		11,557.86	11,072.48
V Profit before Exceptional Items and Tax (III - IV)		1,862.51	1,432.76
VI Exceptional Items	50	83.76	-
VII Profit Before Tax (V-VI)		1,778.75	1,432.76
VIII Tax Expense :	46		
Current Tax (Net of ₹ 0.11 Million in respect of earlier years Previous Year - ₹ 5.51 Million)		452.11	357.78
Deferred Tax		(6.24)	(10.83)
		445.87	346.95
IX Profit for the Year (VII-VIII)		1,332.88	1,085.81
X Other Comprehensive Income (OCI)			
a) Items that will not be reclassified to profit or loss			
i) Re-measurement of net Defined Benefit Obligation		15.77	12.75
ii) Equity Instruments through Other Comprehensive Income		309.60	630.28
		325.37	643.03
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		(3.97)	(3.21)
ii) Taxes on Equity Instruments through Other Comprehensive Income		(51.33)	(84.66)
		(55.30)	(87.87)
Total Other Comprehensive Income		270.07	555.16
Total Comprehensive Income for the period (IX + X) (Comprising Profit and Other Comprehensive Income for the period)		1,602.95	1,640.97
Earning per Share : [nominal value per share ₹ 2/-]	44		
(1) Basic ₹		20.60	16.82
(2) Diluted ₹		20.57	16.77
Notes forming part of the Financial Statements	1- 55		

As per our attached report of even date.

For and on behalf of The Board of Directors

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Anand Jog
Partner
Membership No. 108177

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 25, 2024

Pune, April 25, 2024

Statement of Changes in Equity

for the year ended 31st March 2024

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
2023-24	129.27	-	N.A.	0.28	129.55
2022-23	128.89	-	N.A.	0.38	129.27

B : OTHER EQUITY

(1) Current Reporting Period

₹ in Million						
	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General reserve	Retained Earnings	Share Based Payment		
Balance as on 1 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 Net of Tax	-	-	-	-	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 31 March 2024	166.99	6,750.00	651.00	44.36	1,504.45	9,116.80

(2) Previous Reporting Period

₹ in Million						
	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General reserve	Retained Earnings	Share Based Payment		
Balance as on 1 April 2022	92.45	5,000.00	633.19	29.53	700.56	6,455.73
Profit for the year	-	-	1,085.81	-	-	1,085.81
Other Comprehensive Income for the year - Fair Valuation	-	-	-	-	545.62	545.62
Other Comprehensive Income for the year - Actuarial Gain/(Loss) - Net of Tax	-	-	9.54	-	-	9.54
Dividend Paid	-	-	(154.80)	-	-	(154.80)
Interim Dividend	-	-	(161.55)	-	-	(161.55)
Transfer from Share Based Payment	14.82	-	-	(14.82)	-	-
For the Year	25.16	-	-	16.94	-	42.10
Transfer from retained earnings	-	1,000.00	(1,000.00)	-	-	-
Balance as on 31 March 2023	132.43	6,000.00	412.19	31.65	1,246.18	7,822.45

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 25, 2024

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 25, 2024

Cash Flow Statement

for the year ended 31st March, 2024

CIN : L29120PN1974PLC110307

₹ in Million

	2023-2024	2022-2023
A) Cash Flow From Operating Activities		
Profit Before Tax	1,778.75	1,432.76
Adjustments for :		
Depreciation and amortisation expense	354.67	335.37
Exceptional items	83.76	-
Interest income	(34.51)	(15.46)
Unwinding of Interest on Security Deposits	(0.91)	(0.86)
Share Based Payment	26.23	16.94
Dividend income	(22.54)	(17.33)
Foreign Exchange Gain, Net	(18.64)	(5.67)
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit or Loss	(107.47)	(33.44)
Loss/(gain) on Sale of Investments	-	(26.56)
Loss/(gain) on disposal of property, plant and equipment	(14.94)	(4.67)
Finance costs	0.57	0.78
Bad Debts	3.65	3.34
Operating profit before working capital adjustments	2,048.62	1,685.21
Working capital adjustments		
(Increase)/decrease in trade receivables	(458.47)	(306.72)
(Increase)/decrease in inventories	(257.00)	259.63
(Increase)/decrease in other financial assets	(247.23)	(556.32)
(Increase)/decrease in other Current / Non Current assets	(39.16)	36.08
Increase/(decrease) in trade payables	457.61	(133.88)
Increase/(decrease) in financial liabilities	100.65	73.60
Increase/(decrease) in other Current / Non Current liabilities	595.05	(322.30)
Increase/(decrease) in provisions	30.39	5.76
Cash generated from operations	2,230.46	741.05
Income taxes paid	(396.32)	(343.18)
Net cash inflow from operating activities	1,834.14	397.87
B) Cash flow from investing activities		
Payments for property, plant and equipment, intangible assets	(715.74)	(424.25)
Proceeds from sale of property, plant and equipment, intangible assets	17.75	6.40
Sale / Redemption of Investments	1.25	688.51
Purchase of Investments	(710.00)	(400.00)
Interest income	20.07	0.18
Dividend income	22.54	17.33
Net cash outflow from investing activities	(1,364.13)	(111.83)
C) Cash flow from financing activities		
Proceeds from issuance of share capital (includes securities premium)	21.32	25.54
Finance costs	5.33	5.30
Lease Payments	(3.00)	(3.00)
Dividends paid	(356.37)	(311.84)
Net cash outflow from financing activities	(332.72)	(284.00)
Net increase/(decrease) in cash and cash equivalents	137.29	2.04
Cash and cash equivalents at beginning of the financial year	358.62	356.58
Effect of exchange rate changes on cash and cash equivalents	0.21	0.24
Cash and cash equivalents at end of the financial year	495.70	358.38

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 and on behalf of The Board of Directors

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W / W100057

K Srinivasan
Managing Director
DIN - 00088424

Rahul C. Kirloskar
Executive Chairman
DIN - 00007319

Anand Jog
Partner
Membership No. 108177
Pune, April 25, 2024

Jitendra Shah
Company Secretary

Ramesh Birajdar
Vice President & Chief Financial Officer

Pune, April 25, 2024

Notes to Financial Statements

 for the year ended 31st March 2024

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	PROPERTY, PLANT AND EQUIPMENT											CAPITAL WORK IN PROGRESS
	FREE HOLD LAND	BUILDINGS	PLANT & MACHINERY	ELECTRICAL INSTALLATION	OFFICE EQUIPMENTS	FURNITURE & FIXTURE	VEHICLE	ASSETS UNDER		RIGHT OF USE ASSET	TOTAL	
								OPERATING LEASE	COMPRESSION FACILITY			
Gross Carrying Amount As at 01/04/2022	605.07	578.08	1,126.37	79.83	24.54	27.85	684.90	463.09		26.97	3,616.70	52.11
Additions	-	10.57	158.53	14.08	5.04	4.44	31.49				224.15	385.84
Deductions and adjustments	-	-	4.86	2.39	0.46	-	19.71			-	27.42	224.15
Gross Carrying Amount As at 31/03/2023	605.07	588.65	1,280.04	91.52	29.12	32.29	696.68	463.09		26.97	3,813.43	213.80
Accumulated Depreciation As at 01/04/2022	-	100.35	523.28	29.84	17.01	10.58	351.77	301.41		9.91	1,344.15	
Depreciation for the year	-	16.21	121.00	7.60	3.14	3.08	95.98	64.67		3.53	315.21	
Deductions and Adjustments	-	-	4.60	0.98	0.46	-	19.65			-	25.69	
Accumulated Depreciation up to 31/03/2023	-	116.56	639.68	36.46	19.69	13.66	428.10	366.08		13.44	1,633.67	-
Net Carrying Amount as at 31/03/2023	605.07	472.09	640.36	55.06	9.43	18.63	268.58	97.01		13.53	2,179.76	213.80
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
Net Carrying Amount As at 31/03/2023	605.07	472.09	640.36	55.06	9.43	18.63	268.58	97.01		13.53	2,179.76	213.80

Title deeds of Immovable Properties are held in name of the Company. For charge on Property, Plant and Equipment - see Note 52

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 2024

NOTE 1A : Capital-Work-in Progress (CWIP)

i) CWIP aging schedule :

CWIP	AS AT 31 st 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.	-

₹ in Million

CWIP	AS AT 31 st MARCH 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	189.75	0.83	-	23.22	213.80
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

₹ in Million

NOTE 2 : OTHER INTANGIBLE ASSETS

PARTICULARS	OTHER INTANGIBLE ASSETS			INTANGIBLE ASSETS UNDER DEVELOPMENT
	SOFTWARES	TECHNICAL KNOW HOW	TOTAL	
Gross Carrying Amount As at 01/04/2022	27.87	136.43	164.30	56.87
Additions	6.00	47.35	53.35	20.26
Deductions and adjustments	-	-	-	53.35
Gross Carrying Amount As at 31/03/2023	33.87	183.78	217.65	23.78
Accumulated Amortisation As at 01/04/2022	24.04	119.16	143.20	-
Amortisation for the year	7.01	13.15	20.16	-
Deductions and Adjustments	-	-	-	-
Accumulated Amortisation up to 31/03/2023	31.05	132.31	163.36	-
Net Carrying Amount as at 31/03/2023	2.82	51.47	54.29	23.78
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
Net Carrying Amount As at 31/03/2023	2.82	51.47	54.29	23.78

₹ in Million

The remaining amortisation period for Technical Know How of Compressor Technology is 35 months.

NOTE 2A : Intangible assets under development

i) Intangible assets under development aging schedule :

Intangible assets under development	AS AT 31 st 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.	-

₹ in Million

Expected capitalisation of ₹ 25.14 Million in next one year.

Intangible assets under development	AS AT 31 st MARCH 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	14.27	1.79	3.32	4.40	23.78
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

₹ in Million

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 3 : INVESTMENTS (NON CURRENT)

	Face Value ₹	As at 31 st March, 2024		As at 31 st March, 2023	
		Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
₹ 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 Proprietary 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	11.21	4,87,500	10.24
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 *
The Cosmos Co-operative Bank Ltd.	20	-	-	62,500	1.25
Kirloskar Chillers Pvt.Ltd.	10	2,25,000	441.67	2,25,000	295.20
			454.18		307.99
* Value less than ₹ Ten Thousand					
Quoted :					
The Mysore Kirloskar Ltd.	10	1,00,000	0.00 *	1,00,000	0.00 *
Kirloskar Industries Ltd.	10	200	0.82	200	0.48
Housing Development Finance Corporation Ltd. (Merged with HDFC Bank Ltd)	2	-	-	46,990	123.37
Kirloskar Investment and Finance Ltd.	10	3,75,000	0.00	3,75,000	0.00
ICICI Bank Limited	2	55,324	60.48	55,324	48.53
Kirloskar Ferrous Industries Ltd.	5	20,00,000	1,089.30	20,00,000	930.10
HDFC Bank Ltd.	1	83,943	121.54	5,000	8.05
Punjab National Bank	2	7,000	0.87	7,000	0.33
			1,273.01		1,110.86
Total Fair Value through Other Comprehensive Income (FVTOCI)			1,727.19		1,418.85
Total			1,727.19		1,418.85
* Value less than ₹Ten Thousand					
Aggregate Cost of acquisition of Quoted Investments			27.78		27.78
Aggregate Market Value of Quoted Investments			1,273.01		1,110.86
Aggregate Cost of acquisition of Un-Quoted Investments			8.34		9.59
Aggregate Fair Value of Un-Quoted Investments			454.18		307.99
Aggregate Amount of Impairment in the Value of Investments			7.40		7.40

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 3 : INVESTMENTS (CURRENT)

₹ in Million

	As at 31 st March, 2024		As at 31 st March, 2023	
	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	310.93	65,546.018	289.92
SBI Liquid Fund Direct Plan Growth	57,641.720	217.84	35,308.559	124.40
ICICI Prudential Liquid Fund Direct Plan Growth	6,53,322.155	233.50	6,53,322.155	217.68
Kotak Liquid Fund Direct Plan Growth	43,681.146	213.12	22,726.427	103.37
UTI Liquid Cash Plan Direct Plan Growth	27,481.456	108.77	27,481.456	101.39
ICICI Prudential Money Market Fund Direct Plan Growth	6,19,558.073	216.37	6,19,558.073	200.93
Nippon India Liquid Fund Direct Plan Growth	17,966.994	106.17	-	-
Invesco India Liquid Fund Direct Plan Growth	16,010.078	53.07	-	-
HSBC Liquid Fund Direct Growth	44,088.229	106.07	-	-
Axis Liquid Fund Direct Growth	47,189.052	126.64	-	-
DSP Liquidity Fund Direct Plan Growth	47,121.479	162.63	-	-
		1,855.11		1,037.69
Aggregate Cost of acquisition of Quoted Investments		1,699.92		998.96
Aggregate Market Value of Quoted Investments		1,855.11		1,037.69
Aggregate Cost of acquisition of Un-Quoted Investments		-		-
Aggregate Amount of Impairment in the Value of Investments		-		-

NOTE 4 : TRADE RECEIVABLES

₹ in Million

	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured Considered Good (Refer Note 34 (2a))	3,746.47	3,291.65
Having significant increase in Credit Risk	-	-
Total	3,746.47	3,291.65
Non Current	-	-
Current	3,746.47	3,291.65
Debts due from Private Companies in which Director is a Director or a Member	-	-
For charge on Trade Receivables - see Note 52	-	-

NOTE 5 : OTHER FINANCIAL ASSETS

₹ in Million

	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured Considered Good		
Security Deposits (Non Current)	56.76	48.87
Security Deposits (Current)	5.16	4.69
Fixed Deposits with Banks (Current) (Original maturity is more than 12 months)	400.00	510.12
Contract Assets (Current)	369.73	-
Other Assets	15.45	16.29
Total	847.10	579.97
Non Current	56.76	48.87
Current	790.34	531.10
Non Current Includes amount due from Related party	17.18	16.28

NOTE 6 : DEFERRED TAX ASSETS / (LIABILITY)

₹ in Million

	As at 31 st March, 2024	As at 31 st March, 2023
Deferred Tax Assets	55.18	30.90
Deferred Tax Liabilities (Refer Note no. 46)	235.44	162.10
Total	(180.26)	(131.20)

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 7 : OTHER ASSETS

	As at 31 st March, 2024	As at 31 st March, 2023
₹ in Million		
Unsecured Considered Good		
Advances to Supplier of Capital Goods (Current)	-	19.47
Other Assets (Non Current)	4.80	5.45
GST Balances (Current)	66.46	67.81
Other Assets (Current)	281.55	240.40
Total	352.81	333.13
Non Current	4.80	5.45
Current	348.01	327.68
Other Non Current Assets includes amount due from Related party	-	-
Other Current Assets includes amount due from Related party	-	-

NOTE 8 : ASSETS CLASSIFIED AS HELD FOR SALE

	As at 31 st March, 2024	As at 31 st March, 2023
₹ in Million		
Assets held for Sale	97.49	-
Total	97.49	-
(Refer Note no. 49)		

NOTE 9 : INVENTORIES

	As at 31 st March, 2024	As at 31 st March, 2023
₹ in Million		
Raw Materials	1,545.47	1,283.19
[Includes ₹ Nil (31st March 2023 ₹ 0.82 Million) in transit]		
Work-in-progress	221.79	240.80
Finished Goods, at cost or net realisable value whichever is lower	179.15	152.95
Traded Goods	66.37	79.51
Stores & Spares	12.12	11.45
Total	2,024.90	1,767.90
For charge on Inventories - see Note 52		

NOTE 10 : CASH AND CASH EQUIVALENTS

	As at 31 st March, 2024	As at 31 st March, 2023
₹ in Million		
a) CASH AND CASH EQUIVALENTS :		
Cash on hand	0.05	0.04
Balances with Banks :		
In Current Accounts	495.86	358.58
	495.91	358.62
b) OTHER BANK BALANCES :		
Earmarked Balances with Banks		
For Unclaimed Dividend	32.99	33.49
For Fractional Entitlement	2.30	2.32
	35.29	35.81

NOTE 11 : CURRENT TAX ASSET / (LIABILITY) - NET

	As at 31 st March, 2024	As at 31 st March, 2023
₹ in Million		
Advance Tax Paid	396.31	348.68
Less : Provision for Tax	452.00	363.28
Total	(55.69)	(14.60)

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 12 : EQUITY SHARE CAPITAL

₹ in Million

	As at 31 st March, 2024	As at 31 st March, 2023
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 :		
64.634 Million (Previous year 64.445 Million) Equity Shares of ₹ 2/- each	129.27	128.89
Issued during the year		
0.138 Million (Previous year 0.189 Million) Equity Shares of ₹ 2/- each	0.28	0.38
Closing Balance :		
64.773 Million Equity Shares of ₹ 2/- each	129.55	129.27
PAID UP :		
Opening Balance :		
64.634 Million (Previous year 64.445 Million) Equity Shares of ₹ 2/- each	129.27	128.89
Addition during the year		
0.138 Million (Previous year 0.189 Million) Equity Shares of ₹ 2/- each	0.28	0.38
Closing Balance :		
64.773 Million Equity Shares of ₹ 2/- each	129.55	129.27

“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.”

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.

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 12 : EQUITY SHARE CAPITAL (CONTD..)

₹ in Million

Shareholder holding more than 5%	As at 31 st March, 2024	As at 31 st March, 2023
	Nos. Face Value of ₹ 2/-	Nos. Face Value of ₹ 2/-
a) Mr. Rahul C. Kirloskar	7.49 11.573%	7.49 11.598%
b) Mr. Atul C. Kirloskar	6.11 9.429%	6.11 9.449%
c) Kirloskar Industries Ltd.	6.42 9.916%	6.42 9.937%
d) Nippon Life India Trustee Limited	4.15 6.411%	4.15 6.424%
e) Tata Mutual Fund	3.55 5.488%	- -

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	11.573	74,96,150	11.598	-	(0.025)
2	Atul Chandrakant Kirloskar	61,07,523	9.429	61,07,523	9.449	-	(0.020)
3	Sanjay Chandrakant Kirloskar	3,155	0.005	3,155	0.005	-	(0.000)
4	Aditi Atul Kirloskar	20,68,765	3.194	20,68,765	3.201	-	(0.007)
5	Alpana Rahul Kirloskar	19,84,555	3.064	19,84,555	3.070	-	(0.007)
6	Gauri Atul Kirloskar	6,89,753	1.065	6,89,753	1.067	-	(0.002)
7	Arti Atul Kirloskar	3,31,134	0.511	3,31,134	0.512	-	(0.001)
8	Alika Rahul Kirloskar	60,760	0.094	60,760	0.094	-	(0.000)
9	Mrinalini Shreekant Kirloskar	-	-	35,935	0.056	(0.056)	(0.056)
10	Roopa Gupta	6,080	0.009	-	-	0.009	0.009
11	Suman Chandrakant Kirloskar	4,035	0.006	4,035	0.006	-	(0.000)
12	Alok Kirloskar	2,725	0.004	2,725	0.004	-	(0.000)
13	Pratima Sanjay Kirloskar	660	0.001	660	0.001	-	(0.000)
14	Rama Sanjay Kirloskar	625	0.001	625	0.001	-	(0.000)
15	Kirloskar Industries Ltd	64,22,990	9.916	64,22,990	9.937	-	(0.021)
16	Alpak Investments Private Limited	16,508	0.025	580	0.001	0.025	0.025
17	Navsai Investments Private Ltd	16,507	0.025	580	0.001	0.025	0.025
	Total	2,52,11,925	38.922	2,52,09,925	39.003	0.002	(0.080)

*The Company has allotted 138,400 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 2024

NOTE 13 : OTHER EQUITY

₹ in Million

	As at 31 st March, 2024	As at 31 st March, 2023
Securities Premium (Share Premium) Account:		
As per last Account	132.43	92.45
Add : During the year	21.04	25.16
Add : Transferred from Share Based Payment Reserve	13.52	14.82
Closing Balance	166.99	132.43
General Reserve :		
Opening Balance / As per last Account	6,000.00	5,000.00
Add: Set aside this year	750.00	1,000.00
Closing Balance	6,750.00	6,000.00
Share Based Payment Reserve :		
Opening Balance / As per last Account	31.65	29.53
Add : During the year	26.23	16.94
Less : Transferred to Share Premium	13.52	14.82
Closing Balance	44.36	31.65
Retained Earnings :		
Opening Balance / As per last Account	412.19	633.19
Add : Transferred from Statement of Profit and Loss	1,332.88	1,085.81
Add : Transferred from Other Comprehensive Income - Net of Tax	11.80	9.54
	1,756.87	1,728.54
Less :		
Transfer to General Reserve	750.00	1,000.00
Dividend Paid	193.96	154.80
Interim Dividend	161.91	161.55
	1,105.87	1,316.35
Closing Balance	651.00	412.19
Equity Instruments Through Other Comprehensive Income		
Opening Balance / As per last Account	1,246.18	700.56
Add / (Less) FVTOCI Equity Investments - Change in Fair Value	258.27	545.62
Closing Balance	1,504.45	1,246.18
Total	9,116.80	7,822.45

- Securities Premium is a premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.
- General Reserve is created by setting aside amount from the Retained Earnings and is freely available for distribution.
- 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.
- Share Based Payment Reserve is a result of recognition 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 2024

NOTE 14 : TRADE PAYABLES

	As at 31 st March, 2024	As at 31 st March, 2023
Total Outstanding due to Micro and small enterprises	472.07	364.40
Total Outstanding dues of Creditors other than Micro and small enterprises (Refer Note 34 (2d))	1,555.31	1,205.37
Total	2,027.38	1,569.77

₹ in Million

NOTE 15 : OTHER FINANCIAL LIABILITIES

	As at 31 st March, 2024	As at 31 st March, 2023
Deposit Received (Non Current)	0.87	0.89
Unpaid Dividends (Current)	32.99	33.49
Fractional Entitlement (Current)	2.30	2.32
Interest Accrued (Current)	21.02	15.12
Employee Related Liabilities (Current)	138.24	129.77
Other Trade Liabilities (Current)	281.48	250.65
Other Liabilities (Current)	329.73	268.91
Total	806.63	701.15
Non Current	0.87	0.89
Current	805.76	700.26

₹ in Million

NOTE 16 : PROVISIONS

	As at 31 st March, 2024	As at 31 st March, 2023
Provision for Employee Benefits		
Provision for Leave Encashment (Non Current)	75.58	66.41
Provision for Leave Encashment (Current)	39.61	36.59
Other Provisions		
Provision for Warranty (Current)	37.96	35.52
Total	153.15	138.52
Non Current	75.58	66.41
Current	77.57	72.11

₹ in Million

During the year the company made a provision for warranty of ₹ 2.44 Million

NOTE 17 : OTHER LIABILITIES

	As at 31 st March, 2024	As at 31 st March, 2023
Advance from Customer (Current)	1,230.97	626.73
Other Liabilities (Current)	142.17	151.36
Total	1,373.14	778.09
Non Current	-	-
Current	1,373.14	778.09
Movement in advance from customer		
Opening Balance	626.73	976.68
Received during the year	2,865.66	2,410.20
Adjusted against receivables during the year	2,261.42	2,760.15
Closing Balance	1,230.97	626.73

₹ in Million

During the year the company has recongnized revenue of ₹ 531.36 Million from opening advance (Previous Year ₹ 958.64 Million)

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 18 : REVENUE FROM OPERATIONS

	₹ in Million	
	2023-24	2022-23
Revenue from Contracts with Customers		
Sale of Products	10,022.17	10,126.30
Sale of Services	2,876.31	1,924.30
Lease Income	216.75	242.56
	13,115.23	12,293.16
Other Operating Revenue		
Insurance Claim Received	1.89	1.61
Miscellaneous Receipts	68.04	69.14
Foreign Exchange Gain, Net	18.64	5.67
Bad Debts / Liquidated Damages Recovered	22.40	23.79
	110.97	100.21
Total	13,226.20	12,393.37

NOTE 19 : OTHER INCOME

	₹ in Million	
	2023-24	2022-23
Dividend Income from Equity Investments designated at Fair Value through Other Comprehensive Income	22.54	17.32
Dividend Income from Mutual Fund Investments designated at Fair Value through Profit and Loss	-	0.01
Interest Received	34.51	15.46
Unwinding of Interest on Security Deposits	0.91	0.86
Miscellaneous Receipts	12.83	13.55
Surplus on Sale of Assets	15.91	4.67
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit and Loss	107.47	33.44
Gain on Sale of Investments	-	26.56
Total	194.17	111.87

NOTE 20 : COST OF MATERIALS CONSUMED

	₹ in Million	
	2023-24	2022-23
Raw Materials (including components) consumed :		
Stocks at commencement	1,283.19	1,243.29
Add : Purchases	6,938.52	6,326.32
	8,221.71	7,569.61
Less : Stocks at close	1,545.47	1,283.19
Total	6,676.24	6,286.42

NOTE 21 : PURCHASE OF TRADED GOODS

	₹ in Million	
	2023-24	2022-23
Purchase of Traded Goods	437.28	388.52
Total	437.28	388.52

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 22 : CHANGES IN INVENTORIES

	₹ in Million	
	2023-24	2022-23
(Increase) / Decrease in Stocks :		
Closing Inventories		
Finished Goods	179.15	152.95
Work-in-Progress	221.79	240.80
Traded Goods	66.37	79.51
	467.31	473.26
Opening Inventories		
Finished Goods	152.95	78.46
Work-in-Progress	240.80	625.64
Traded Goods	79.51	65.77
	473.26	769.87
Total	5.95	296.61

NOTE 23 : EMPLOYEE BENEFITS EXPENSES

	₹ in Million	
	2023-24	2022-23
Salaries, Wages, Bonus, etc.	1,344.39	1,181.37
Incentive	45.06	34.57
Share Based Payment	26.23	16.94
Contribution to Provident and Other Funds, etc.	109.11	100.02
Welfare Expenses	114.59	104.04
Total	1,639.38	1,436.94

NOTE 24 : FINANCE COSTS

	₹ in Million	
	2023-24	2022-23
Interest :		
On Lease	0.57	0.78
Total	0.57	0.78

NOTE 25 : DEPRECIATION AND AMORTISATION EXPENSE

	₹ in Million	
	2023-24	2022-23
Depreciation on tangible assets	322.78	315.21
Amortisation of intangible assets	31.89	20.16
Total	354.67	335.37

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 26 : OTHER EXPENSES

	₹ in Million	
	2023-24	2022-23
Stores and Spares Consumed	181.53	166.01
Manufacturing Expenses (includes Cost of Services)	1,168.78	1,095.66
Power, Fuel and Water	167.42	148.28
Building Repairs	34.24	48.40
Machinery Repairs	55.27	77.88
Sundry Repairs	26.06	25.36
Rent	14.91	14.27
Rates and Taxes	17.86	31.58
Insurance	23.71	22.51
Commission on Sales	26.81	51.25
Royalty	48.54	31.35
Travelling Expenses	116.98	106.81
Postage, Telephones, Telex Expenses	20.65	22.21
Bank Charges	21.56	19.39
Freight Outward, Net	140.52	116.43
Vehicle Expenses	23.11	21.56
Printing and Stationery	7.02	7.51
Legal and Professional Charges	87.02	95.03
Advertisement and Publicity Expenses	20.63	18.04
Auditors' Remuneration	3.60	3.60
Directors' Fees and Travelling Expenses	17.63	15.38
Software Expenses	65.58	49.17
Loss on Assets Sold	0.97	-
Bad Debts	3.65	3.34
CSR Expenditure	21.26	17.00
Miscellaneous Expenses	128.46	119.82
Total	2,443.77	2,327.84

27: EMPLOYEE BENEFITS

i Defined Contribution Plans:

Amount of ₹ 71.37 Million (Previous Year ₹ 63.09 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.

Notes to Financial Statements

for the year ended 31st March 2024

27: EMPLOYEE BENEFITS (CONTD..)

a) The amounts recognised in balance sheet are as follows:

	₹ in Million	
	31 st March, 2024	31 st March, 2023
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
A. Amount to be recognised in balance sheet		
Present value of defined benefit obligation	334.22	316.75
Less: Fair value of plan assets	361.31	321.86
Amount to be recognised as liability or (asset)	(27.09)	(5.11)
B. Amounts reflected in the balance sheet		
Liabilities	-	-
Assets	27.09	5.11
Net liability/(assets)	(27.09)	(5.11)

b) The amounts recognised in the statement of profit and loss are as follows:

	₹ in Million	
	31 st March, 2024	31 st March, 2023
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
Employee benefit expenses		
Current service cost	39.76	37.02
Past service cost	-	-
Finance cost		
Net interest (income)/expenses	(2.02)	(0.10)
Net periodic benefit cost recognised in the statement of profit and loss-	37.74	36.92

c) The amounts recognised in the statement of other comprehensive income (OCI) :

	₹ in Million	
	31 st March, 2024	31 st March, 2023
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
1 Opening amount recognised in OCI outside profit and loss account	35.35	48.10
2 Remeasurements for the year - obligation (gain)/loss	(15.00)	(13.04)
3 Remeasurements for the year - plan assets (gain) / loss	(0.76)	0.29
4 Total remeasurements cost / (credit) for the year recognised in OCI	(15.76)	(12.75)
5 Less: Accumulated balances transferred to retained earnings	(15.76)	(12.75)
Closing balances (remeasurements (gain)/loss recognised OCI)	19.59	35.35

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	₹ in Million	
	31 st March, 2024	31 st March, 2023
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
1 Present value of obligation as at the beginning of the period	316.75	290.07
2 Acquisition adjustment	-	-
3 Transfer in/ (out)	-	-
4 Interest expenses	22.34	19.43
5 Past service cost	-	-
6 Current service cost	39.76	37.02
7 Curtailment cost / (credit)	-	-
8 Settlement cost/ (credit)	-	-
9 Benefits paid	(29.63)	(16.73)
10 Remeasurements on obligation - (gain) / loss	(15.00)	(13.04)
Present value of obligation as at the end of the period	334.22	316.75

Notes to Financial Statements

for the year ended 31st March 2024

27: EMPLOYEE BENEFITS (CONTD..)

- e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

	₹ in Million	
	31 st March, 2024	31 st March, 2023
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
1 Fair value of the plan assets as at beginning of the period	321.86	263.59
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest income	24.36	19.53
5 Contributions	44.32	55.83
6 Mortality Charges and Taxes	(0.46)	(0.07)
7 Benefits paid	(29.63)	(16.73)
8 Amount paid on settlement	0.10	-
9 Return on plan assets, excluding amount recognized in Interest Income - gain / (loss)	0.76	(0.29)
10 Fair value of plan assets as at the end of the period	361.31	321.86
11 Actual return on plan assets	25.12	19.24

100% of total plan assets are managed by the insurer - Life Insurance Corporation of India.

- f) Net interest (income) /expenses

	₹ in Million	
	31 st March, 2024	31 st March, 2023
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
1 Interest (income) / expense - obligation	22.34	19.43
2 Interest (income) / expense - plan assets	(24.36)	(19.53)
3 Net interest (income) / expense for the year	(2.02)	(0.10)

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 7.40% has been used for the valuation purpose.

- g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

Gratuity:	31 st March, 2024	31 st March, 2023
Discount rate	7.20%	7.40%
Expected return on plan assets	7.40%	6.90%
Salary growth rate*	9.00%	9.00%
Attrition rate	12.00%	11.00%
Expected average remaining working lives	6.91	7.30
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 ₹ 10 Million towards its gratuity plan in the year 2024-25.

Notes to Financial Statements

for the year ended 31st March 2024

27: EMPLOYEE BENEFITS (CONTD..)

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%)

Change in assumptions	₹ in Million	
	31 st March, 2024	31 st March, 2023
	PVO of Gratuity	
1 Discount rate		
Increase by 1%	319.18	302.19
Decrease by 1%	350.42	332.53
2 Salary increase rate		
Increase by 1%	346.97	329.32
Decrease by 1%	322.07	304.87
3 Withdrawal rate		
Increase by 1%	331.98	314.61
Decrease by 1%	336.37	318.83

k) Expected Future Benefit Payments

	₹ in Million	
	31 st March, 2024	31 st March, 2023
	PVO of Gratuity	
Within the next 12 months	70.96	60.86
Between 2 & 5 years	160.04	127.85
Above 5 years	167.37	125.35

l) Average Duration

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 12.51 years (PY 12.72 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.

Notes to Financial Statements

for the year ended 31st March 2024

27: EMPLOYEE BENEFITS (CONTD..)

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:

	31 st March, 2024	31 st March, 2023
₹ in Million		
A. Amount to be recognised in balance sheet		
Present value of defined benefit obligation	115.19	103.00
Less: Fair value of plan assets	-	-
Amount to be recognised as liability or (asset)	115.19	103.00
B. Amounts reflected in the balance sheet		
Current Liabilities	39.61	36.59
Non Current Liabilities	75.58	66.41
Total Liability	115.19	103.00

b) The amounts recognised in the statement of profit and loss are as follows:

	31 st March, 2024	31 st March, 2023
₹ in Million		
Employee benefit expenses		
Current service cost	14.62	12.19
Finance cost		
Net interest (income)/expenses	7.24	6.22
Remeasurements for the year - obligation (gain)/loss	(2.74)	(1.41)
Net cost recognised in the statement of profit and loss	19.12	17.00

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	31 st March, 2024	31 st March, 2023
₹ in Million		
1 Present value of obligation as at the beginning of the period	103.00	94.42
2 Acquisition adjustment	-	-
3 Transfer in/ (out)	3.41	-
4 Interest expenses	7.24	6.22
5 Past service cost	-	-
6 Current service cost	14.62	12.19
7 Curtailment cost / (credit)	-	-
8 Settlement cost/ (credit)	-	-
9 Benefits paid	(10.34)	(8.42)
10 Remeasurements on obligation - (gain) / loss	(2.74)	(1.41)
Present value of obligation as at the end of the period	115.19	103.00

Notes to Financial Statements

for the year ended 31st March 2024

27: EMPLOYEE BENEFITS (CONTD..)

d) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

Defined Benefit Plan - Compensated Absences:	31 st March, 2024	31 st March, 2023
Discount rate	7.20%	7.40%
Expected average remaining working lives	6.84	7.30
Salary growth rate*	9.00%	9.00%
Attrition rate	12.00%	11.00%
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%)

Change in assumptions	₹ in Million	
	31 st March, 2024	31 st March, 2023
PVO of Compensated Absences		
1 Discount rate		
Increase by 1%	111.60	99.85
Decrease by 1%	119.01	106.35
2 Salary increase rate		
Increase by 1%	117.85	105.34
Decrease by 1%	112.62	100.76
3 Availment rate		
Increase by 1%	117.86	104.21
Decrease by 1%	112.30	101.71

f) Expected Future Benefit Payments

Change in assumptions	₹ in Million	
	31 st March, 2024	31 st March, 2023
PVO of Compensated Absences		
Within the next 12 months	13.59	14.04
Between 2 & 5 years	34.84	31.94
Above 5 years	29.33	27.46

g) Average Duration

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and availment rate) is 5.04 years (PY 5.12 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.

Notes to Financial Statements

for the year ended 31st March 2024

27: EMPLOYEE BENEFITS (CONTD..)

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.

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 and October 19, 2023 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) and 114,000 (One lakhs fourteen thousand 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		Grant date October 19, 2023	
	Vesting Date	Option Vested	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	-	-	-	-
Vesting 3	Oct. 19, 2022	1,38,500	-	-	-	-	-	-
Vesting 4	Oct. 19, 2023	1,02,500	-	-	-	-	-	-

Options granted on October 19, 2023 are not yet eligible for vesting as on March 31, 2024.

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 - 2023 - 24		FY - 2022 - 23	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	2,07,700	120.00	3,81,900	120.00
Granted during the year	-	-	-	-
Forfeited / lapsed / surrendered during the year	14,000	120.00	25,000	120.00
Options vested during the year	1,02,500	120.00	1,38,500	120.00
Exercised during the year	91,600	120.00	1,49,200	120.00
Expired during the year	16,000	120.00	-	-
Options outstanding at the end of year	1,02,100	120.00	2,07,700	120.00
Options exercisable at the end of the year	1,02,100	120.00	1,07,200	120.00
Weighted average remaining contractual life	2.15 Years		3.05 Years	

*Weighted average share price on the date of exercise is ₹ 589.97 (Previous Year ₹ 523.62)

Notes to Financial Statements

for the year ended 31st March 2024

28: EMPLOYEE STOCK OPTIONS SCHEME - IND AS 102 (CONTD..)

Options granted on April 29, 2021

Particulars	FY - 2023 - 24		FY - 2022 - 23	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	47,300	190.00	96,000	190
Granted during the year	-	-	-	-
Forfeited / lapsed / surrendered during the year	500	190.00	7,000	190
Options vested during the year	41,500	190.00	43,000	190
Exercised during the year	40,000	190.00	40,200	190
Expired during the year	-	-	1,500	190
Options outstanding at the end of year	6,800	190.00	47,300	190
Options exercisable at the end of the year	2,800	190.00	1,300	190
Weighted average remaining contractual life	2.77 Years		3.18 Years	

*Weighted average share price on the date of exercise is ₹ 588.37 (Previous Year ₹ 445.19)

Options granted on October 19, 2022

Particulars	FY - 2023 - 24		FY - 2022 - 23	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,64,000	400.00	-	-
Granted during the year	-	-	1,64,000	400
Forfeited / lapsed / surrendered during the year	13,000	400.00	-	-
Options vested during the year	47,000	400.00	-	-
Exercised during the year	6,800	400.00	-	-
Expired during the year	-	-	-	-
Options outstanding at the end of year	1,44,200	400.00	1,64,000	400
Options exercisable at the end of the year	40,200	400.00	-	-
Weighted average remaining contractual life	3.95 Years		4.86 Years	

*Weighted average share price on the date of exercise is ₹ 597.72 (Previous Year ₹ NIL)

Options granted on October 19, 2023

Particulars	FY - 2023 - 24		FY - 2022 - 23	
	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	1,14,000	450.00	-	-
Forfeited / lapsed / surrendered during the year	-	-	-	-
Options vested during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Options outstanding at the end of year	1,14,000	450.00	-	-
Options exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life	5.03 Years		-	

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.

Notes to Financial Statements

for the year ended 31st March 2024

28: EMPLOYEE STOCK OPTIONS SCHEME - IND AS 102 (CONTD..)

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 ₹ 26.23 Million as employee compensation cost relating to share-based payment (Previous year ₹16.94 Million) in the Statement of Profit and Loss.

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 ₹ 360.59 Million (PY ₹ NIL).

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

Particulars	₹ in Million	
	2023-24	2022-23
Contract Price	13,443.70	12,640.90
Adjustment for :		
Discounts, rebates, price concessions & incentives	328.47	347.74
Revenue from Contract with Customers	13,115.23	12,293.16

Notes to Financial Statements

for the year ended 31st March 2024

30: DETAILS OF OPERATING SEGMENT - IND AS 108

₹ in Million

Sr. No.	Particulars	2023-24			2022-23		
		COMPRESSION SYSTEMS	OTHER NON REPORTABLE SEGMENTS	TOTAL	COMPRESSION SYSTEMS	OTHER NON REPORTABLE SEGMENTS	TOTAL
A.	Information about Operating Segment (See Note below)						
1	Segment Revenue						
	Sales	12,299.52	926.68	13,226.20	11,569.44	823.93	12,393.37
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Net Revenue from Operations	12,299.52	926.68	13,226.20	11,569.44	823.93	12,393.37
2	Result						
	Segment Result (Net of Income)	2,435.98	(656.66)	1,779.32	2,086.95	(653.41)	1,433.54
	Operating Profit before Interest			1,779.32			1,433.54
	Less: Finance Cost			0.57			0.78
	Profit before Tax			1,778.75			1,432.76
3	Other Information						
	Segment Assets	7,028.93	6,821.44	13,850.37	5,961.19	5,334.06	11,295.25
	Total Assets			13,850.37			11,295.25
	Segment Liabilities	4,054.20	549.82	4,604.02	2,903.66	439.88	3,343.53
	Total Liabilities			4,604.02			3,343.53
4	Capital Expenditure During the year	256.01	344.75	600.76	222.96	54.53	277.49
5	Depreciation and Impairment	218.12	136.55	354.67	204.05	131.32	335.37
				354.67			335.37
B	Revenue by location						
1	In India			12,539.11			10,620.61
2	Outside India			687.09			1,772.76
	Total			13,226.20			12,393.37
	All Assets of the Company are located within India						

C Other Disclosures

- 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.

- 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

- The Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.
- 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 2024

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) 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 Investments Pvt. Ltd.		
Kiara Lifespaces Pvt. Ltd.		
Mindscape		
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	Trust
	Employees Gratuity Fund	
	Kirloskar Pneumatic Company Limited	Trust
	Officers Superannuation Fund	

Notes to Financial Statements

for the year ended 31st March 2024

NOTE 31: DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY THE IND AS -24

(B) Related Party Transactions

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	
		₹ in Million				
Services Received	2023-24	80.94	49.48	6.01	0.59	137.02
	2022-23	72.55	48.44	5.62	43.59	170.20
Short Term Employee Benefits	Refer Note No 30					
Post Employment Benefits	Refer Note No 30					
Rent Paid	2023-24	-	-	3.00	-	3.00
	2022-23	-	-	3.00	-	3.00
Dividend Paid	2023-24	41.23	0.78	44.86	-	86.87
	2022-23	36.72	0.50	39.96	-	77.18
Balance Outstanding						
Receivable	2023-24	-	-	-	-	-
	2022-23	-	-	-	-	-
Payable	2023-24	35.00	15.00	0.60	0.54	51.14
	2022-23	27.50	22.50	0.50	-	50.50
Deposit Receivable	2023-24	-	-	20.00	-	20.00
	2022-23	-	-	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 - ₹ 44.32 Million (Previous Year ₹ 55.83 Million)

Kirloskar Pneumatic Company Limited Officers Superannuation Fund - ₹ 23.73 Million (Previous Year ₹ 21.17 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.

Notes to Financial Statements

for the year ended 31st March 2024

32: MANAGERIAL REMUNERATION

- a) Profit and Loss Account includes payments and provisions on account of Remuneration to the Executive Directors as under :
₹ in Million

	2023-24			2022-23		
	Executive Chairman	Managing Director	Total	Executive Chairman	Managing Director	Total
Salary *	30.00	12.29	42.29	30.00	10.80	40.80
House Rent Allowance *	-	-	-	-	-	-
Commission *	35.00	15.00	50.00	27.50	22.50	50.00
Contribution to Provident Fund, Superannuation and Gratuity : #	10.60	4.00	14.60	10.60	3.44	14.04
Other perquisites *	5.34	18.19	23.53	4.45	11.70	16.15
Gross Remuneration	80.94	49.48	130.42	72.55	48.44	120.99

* Represents Short Term Employee Benefits and wherever applicable, Share Based Payment

Represents Post Employment Benefits

Note :

- 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.
- 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	
	2023-24	2022-23
1 Net Profit as per Profit & Loss Account	1,778.75	1,432.76
2 ADD:		
Directors Remuneration	139.62	129.94
Capital Loss (Exceptional Items)	83.76	-
Loss on Sale of Assets	0.97	-
	2,003.10	1,562.70
3 LESS:		
Profit on sale of Investments	-	26.56
Net Gain on Financial Instruments Measured at FVTPL	107.47	33.44
Unrealised and Notional Gains on foreign exchange	3.05	-
	110.52	60.00
Net Profit U/S 197	1,892.58	1,502.70
Maximum permissible Remuneration payable to Executive Chairman & Managing Director	189.26	150.27
Restricted to		
Executive Chairman	80.94	72.55
Executive Directors	49.48	48.44
Maximum permissible Commission payable to Non Executive Directors	18.93	15.03
Restricted to	9.20	8.95

Notes to Financial Statements

for the year ended 31st March 2024

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	
	31 st March, 2024	31 st March, 2023
	Carrying value (stated at Fair value / Amortised cost)	
A Financial assets		
a) Fair value through other comprehensive income (FVTOCI)		
Equity investments	1,727.19	1,418.85
b) Fair value through profit and loss (FVTPL)		
Mutual Fund investments	1,855.11	1,037.69
c) Amortised cost		
Trade receivables	3,746.47	3,291.65
Other financial assets	847.10	579.97
Cash and cash equivalents	495.91	358.62
Other bank balances	35.29	35.81
	8,707.07	6,722.59
B Financial liabilities		
Amortised cost		
Lease liabilities	7.77	10.20
Trade payables	2,027.38	1,569.77
Other financial liabilities	806.63	701.15
	2,841.78	2,281.12

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.

(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.

Notes to Financial Statements

for the year ended 31st March 2024

33: FINANCIAL INSTRUMENTS - FAIR VALUES (CONTD..)

As at 31st March 2024

a) Financial assets measured at fair value

₹ in Million

	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		

Gain in fair value compared to previous year of the level 3 item amounting to ₹146.19 Million has been recognised in FVTOCI.

b) Financial assets measured at amortised cost for which fair value is disclosed

Other financial assets	-	847.10	-	Net Present Value	Maturity and prevailing interest rate
	-	847.10	-		

c) Financial liabilities measured at amortised cost

Other financial liabilities	-	806.63	-	Net Present Value	Maturity period
	-	806.63	-		

As at 31st March 2023

a) Financial assets measured at fair value

₹ in Million

	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
Financial assets					
FVTOCI Investments - Quoted	1,110.86	-	-	Quoted market price	
FVTOCI Investments - Unquoted	-	-	307.99	Discounted cash flow / carrying value	EBIDTA, Free cash flow for 4 Years, growth rate, risk adjusted discount rate
FVTPL investments - Mutual Funds	1,037.69	-	-	Quoted market price	
	2,148.55	-	307.99		

b) Financial assets measured at amortised cost for which fair value is disclosed

Other financial assets	-	579.97	-	Net Present Value	Maturity and prevailing interest rate
	-	579.97	-		

c) Financial liabilities measured at amortised cost

Other financial liabilities	-	701.15	-	Net Present Value	Maturity period
	-	701.15	-		

During the year ended 31 March 2024, 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 2024

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 ₹ 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 2024 and 31 March 2023. 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 2024, but has an exposure of ₹ 1,855.11 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 ₹ 1,273.01 Million. A decrease/ increase of 5% in the active market could have an impact of approximately ₹ 63.65 Million on the OCI or equity attributable to the Company. These changes would not have a material effect on profit and loss.

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.

Notes to Financial Statements

for the year ended 31st March 2024

34: FINANCIAL RISK MANAGEMENT (CONTD..)

2. Credit Risk (Contd..)

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:

Unsecured Trade receivables - considered good	Not due	Outstanding from due date of payment					Total	₹ in Million
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years		
Gross	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	
31 March 2023	1,783.52	1,078.52	305.72	123.67	0.22	-	3,291.65	

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.

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.

	31 st March, 2024						₹ in Million
	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	476.82	272.63	0.87	806.64	
Trade payables	2,027.38	-	2,027.38	-	-	2,027.38	

	31 st March, 2023						₹ in Million
	Carrying amount	On demand	Less than 6 months	6-12 Months	>1 year	Total	
Lease Liabilities	10.20	-	1.20	1.23	7.77	10.20	
Other financial liabilities	701.15	50.93	416.44	232.89	0.89	701.15	
Trade payables	1,569.77	-	1,568.00	0.67	1.10	1,569.77	

Notes to Financial Statements

for the year ended 31st March 2024

34: FINANCIAL RISK MANAGEMENT (CONTD..)

d) The table summarises aging for trade payable:

Trade Payable	Not due	Outstanding from due date of payment				Total	₹ in Million
		Less than	1 - 2	2 - 3	More than		
		1 year	years	years	3 years		
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	
31 March 2023							
MSME	359.28	5.12	-	-	-	364.40	
Others	1,044.11	160.16	0.52	0.14	0.44	1,205.37	
Total	1,403.39	165.28	0.52	0.14	0.44	1,569.77	

35: FOREIGN CURRENCY SENSITIVITY ANALYSIS

(A) Exposure Hedged - Foreign Exchange Derivatives

Nature of Instrument	Currency	Sale / Purchase	31 st March, 2024	31 st March, 2023	₹ in Million
Forward Contracts	USD	Purchase	-	-	-

(B) Exposure Unhedged - Net - Payable / (Receivable)

Currency	Net exposure in foreign currency in Million		Net exposure in ₹ Million	
	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
USD	(0.59)	(2.04)	(48.73)	(165.10)
EUR	0.51	0.14	46.94	12.77
GBP	0.45	0.17	48.38	17.60
JPY	23.88	-	13.54	-

Currency	Sensitivity %	Impact on profit (strengthen)*		Impact on profit (weakening)*	
		31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
USD	3.32%	1.62	3.06	(1.62)	(3.06)
EUR	1.61%	(0.75)	(0.32)	0.75	0.32
GBP	1.45%	(0.70)	(0.54)	0.70	0.54
JPY	-5.93%	0.80	-	(0.80)	-
Total ₹		0.97	2.20	(0.97)	(2.20)

(* Strengthening/ weakening of foreign currency)

Notes to Financial Statements

for the year ended 31st March 2024

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, 2024 and 31 March, 2023.

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	
	31 st March, 2024	31 st March, 2023
Borrowings (including current maturities)	-	-
Less: Cash and cash equivalents & current investments	2,351.02	1,396.31
Net debt	(2,351.02)	(1,396.31)
Total Equity	9,246.35	7,951.72

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 1 st April 2023	1,396.31	-	1,396.31
Cash Flows	847.24	-	847.24
Other non-cash movement	-	-	-
Fair Value Adjustment	107.47	-	107.47
(Net Debt) /Surplus as on 31st March 2024	2,351.02	-	2,351.02

Notes to Financial Statements

for the year ended 31st March 2024

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 ₹12.10 Million (Previous Year ₹ 7.94 Million)
 - 2) Later than 1 year but not later than 5 years ₹11.03 Million (Previous year ₹ 9.09 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, 2024 amounts to ₹ 14.91 Million (Previous year ₹ 14.27 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 ₹ 0.57 Million (Previous Year ₹ 0.78 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 ₹ 17.91 Million (Previous Year ₹17.27 Million)
- f. The carrying amount of right-of-use assets at the end of the reporting period amount to ₹10 Million (Previous Year ₹ 13.53 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

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	144.50	-	-	-	-
Total	144.50	-	-	-	-

₹ in Million

- 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 2024

38: CAPITAL AND OTHER COMMITMENTS

	₹ in Million	
	2023-24	2022-23
i. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for, net of Advances.	33.27	242.69
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 & Second Charge on Fixed Assets. Amount outstanding as on 31 st March 2024, net of Advances.	2,101.50	2,273.48

39: PAYMENT TO AUDITORS

	₹ in Million	
	2023-24	2022-23
(a) As Auditors	2.90	2.90
(b) In Other Capacity		
For Tax Audit	0.40	0.40
For GST Audit	0.23	0.23
	3.53	3.53
(c) For Expenses	0.07	0.07
	3.60	3.60

40: DIVIDEND

	2023-24	2022-23
Interim Dividend paid per share - ₹	2.50	2.50
Dividend %	125	125
Proposed Dividend per share - ₹	4.00	3.00
Dividend %	200	150

41: CONTINGENT LIABILITIES

A. Contingent Liabilities not provided for in respect of :

	₹ in Million	
	2023-24	2022-23
Claims against the Company not acknowledged as Debts, estimated at	415.54	409.75
Income Tax Matters	6.97	6.97
Disputed Customs Matters	2.29	1.97
Disputed Sales Tax Demands	0.78	0.78
Guarantees given by Company to Customers for the contracts undertaken in usual course of business	32.85	2.08

B. Claim for US \$ 10 million has been filed against the Company in the International Court of Arbitration.

The Arbitration proceedings have been stayed by the Honourable High Court of Delhi. The Special Leave Petition filed by the plaintiff against the Order of High Court has been dismissed by the Honourable Supreme Court. Further the Honourable High Court of Delhi has transferred the matter to District Courts, Tis Hazari, Delhi on the grounds of pecuniary jurisdiction. Company has obtained an opinion from Senior Counsel stating that claim made by the plaintiff is not tenable and therefore management does not anticipate any financial impact on this account.

Notes to Financial Statements

for the year ended 31st March 2024

42: EXPENDITURE IN FOREIGN CURRENCIES (ACCRUAL BASIS)

	₹ in Million	
	2023-24	2022-23
CIF Value of Imports		
Raw Materials & Components	1,662.31	1,143.77
Capital Goods	3.22	1.95
Other Expenses	31.07	71.26
Total	1,696.60	1,216.98

43: EARNINGS IN FOREIGN CURRENCIES (ACCRUAL BASIS)

	₹ in Million	
	2023-24	2022-23
F.O.B. Value of Exports	681.70	1,762.69
Export of Services	5.39	10.07
Other Income	2.20	4.31
Total	689.29	1,777.07

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:

	2023-24	2022-23
Profit attributable to equity shareholders (₹ in Million)	1,332.88	1,085.81
Weighted average number of equity shares used as denominator	6,46,96,653	6,45,45,334
	In ₹	In ₹
Basic earnings per share of nominal value of ₹ 2/- each	20.60	16.82
Effect of dilution		
Stock option granted under ESOP (number of shares)	1,16,493	1,86,112
Weighted average number of equity shares for the purpose of computing	6,48,13,146	6,47,31,446
	In ₹	In ₹
Diluted earnings per share of nominal value of ₹ 2/- each	20.57	16.77

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	31 st March, 2024	31 st March, 2023
Total outstanding to MSME suppliers	472.07	364.79
Principal Amount	472.07	364.40
Interest Amount on above	-	0.39
Payment made to suppliers beyond the appointed day, during the year	1,793.60	1,788.41
Interest due and payable to suppliers under MSMED Act, for the payments already made	5.90	5.70
Interest accrued and remaining unpaid for the year to suppliers under MSMED Act	5.90	6.09
Interest remaining due & payable to suppliers under MSMED Act	21.06	15.16

Notes to Financial Statements

for the year ended 31st March 2024

46: TAXATION

Company has provided Income Tax for the year ended on 31st March, 2024 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.

Deferred Tax relates to following DTA / (DTL)	₹ in Million	
	As at 31 st March 2024	As at 31 st March 2023
Property, Plant & Equipments and Intangible Assets	18.48	(11.60)
Disallowance U/S 43B	26.93	27.69
Fair Value of Current and Non Current Investment	(225.67)	(147.29)
Deferred Tax Asset / (Liability)	(180.26)	(131.20)

Movement in Temporary Differences	₹ in Million		
	1 st April 2023	Recognised in Profit & Loss & OCI in 2023-24	31 st March 2024
Property, Plant & Equipments and Intangible Assets	(11.60)	30.08	18.48
Disallowance U/S 43 B	27.69	(0.76)	26.93
Fair Value of Current and Non Current Investment	(147.29)	(78.38)	(225.67)
Net Deferred Tax Asset / (Liability)	(131.20)	(49.06)	(180.26)

Reconciliation of tax expense and tax calculated at prevailing income tax rate on the accounting profit for the year ending March 2024 & March 2023 is as under

Particulars	₹ in Million	
	As at 31 st March, 2024	As at 31 st March, 2023
Accounting Profit Before Tax	1,778.75	1,432.76
Tax on above at current rate of Income Tax	447.68	360.60
Tax Expense		
Current	452.11	357.78
Deferred	(6.24)	(10.83)
Total Tax Expense	445.87	346.95
Difference	(1.81)	(13.65)
Tax Reconciliation :		
Amounts not deductible		
Donations & CSR expenses	5.35	6.53
Others	2.34	(10.10)
Amounts not Taxable		
Others	(9.61)	(4.57)
Taxation in respect of earlier years	0.11	(5.51)
Total	(1.81)	(13.65)

" 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 2024

47: EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

		₹ in Million	
a	Particulars	2023-24	2022-23
	Gross amount required to be spent by the Company during the year	21.22	17.00
	Amount approved by the board to be spent during the year	21.22	17.00
	Amount spent during the year on :		
	(i) Construction/Acquisition of any asset	-	-
	(ii) On purpose other than (i) above	21.26	17.00
	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.

48: RATIOS

Ratios	Numerator	Denominator	Current Period	Previous Period	% Variance
Current ratio	Total Current Assets	Total Current Liabilities	2.16	2.34	-7.7%
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)	18.5%	17.2%	7.0%
Inventory turnover ratio	Revenue from Operations - Other Operating Revenue	Average of Opening & Closing Inventory	6.92	6.48	6.8%
Trade receivables turnover ratio	Revenue from Operations - Other Operating Revenue	Average of Opening & Closing Trade Receivables	3.73	3.92	-4.8%
Trade payables turnover ratio	Purchases	Average of Opening & Closing Trade Payables	4.10	4.10	0.0%
Net capital turnover ratio	Revenue from Operations - Other Operating Revenue	Total Current Assets - Current Investments - (Total Current Liabilities - Current Borrowing)	4.10	3.87	6.0%
Net profit ratio	Profit for the year	Total Income	9.9%	8.7%	14.4%
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	26.3%	23.8%	10.5%
Return on investment	Profit Before Tax + Depreciation + Finance Cost - Income relating Current & Non Current Investments	Average of Opening & Closing Total Assets - Tangible CWIP - Intangible CWIP - Non Current Investment - Current Investments	21.6%	20.3%	6.7%

Notes to Financial Statements

for the year ended 31st March 2024

49: ASSETS CLASSIFIED AS HELD FOR SALE

During the year, 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 ₹ 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.

50: 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 ₹ 83.76 Million.

51: 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 2024 there are no such contracts.

52: 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.) and second charge on Property, Plant and Equipment 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.

53: Previous Years figures have been regrouped, rearranged or reclassified wherever necessary to correspond to Current Year's figures.

54: These financial statements were authorised for issue by the Board of Directors on 25th April, 2024.

Notes to Financial Statements

for the year ended 31st March 2024

Note 55: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH 2024.

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 segments, 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. The Transmission segment is engaged in design, manufacture and supply of railway traction gears and customized gearboxes for windmill, industrial and marine applications. The Company is also in business of RoadRailer operations providing logistic services using rail network of Indian Railways with first and last mile operations carried on road. The Company also started manufacturing of forgings during the year.

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. Judgement

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 i.e. in case of goods either on shipment or upon delivery in domestic & on date of bill of lading in case of export. In case of services, the revenue is recognized based on completion of distinct performance obligation.

Notes to Financial Statements

for the year ended 31st March 2024

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 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.

Deferred Tax

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 utilized.

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:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- 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:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- 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.

Notes to Financial Statements

for the year ended 31st March 2024

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.

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.

Notes to Financial Statements

for the year ended 31st March 2024

- 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.
- 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.

Notes to Financial Statements

for the year ended 31st March 2024

(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

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

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

Notes to Financial Statements

for the year ended 31st March 2024

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 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

Notes to Financial Statements

for the year ended 31st March 2024

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are revalored 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.

- 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.

Notes to Financial Statements

for the year ended 31st March 2024

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.
- 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.

Notes to Financial Statements

for the year ended 31st March 2024

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, exgratia, 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.

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

Notes to Financial Statements

for the year ended 31st March 2024

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.

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 i.e. either on shipment or upon delivery as per the terms of contracts in domestic 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

Notes to Financial Statements

for the year ended 31st March 2024

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.

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 but not yet effective

The Institute of Chartered Accountants of India (ICAI) has issued "Exposure Draft on Supplier Finance Arrangements – Amendments to Ind AS 7 and Ind AS 107" which will require additional disclosures to enable users of financial statements to assess effects of supplier finance arrangements on the entity's liabilities and cash flows and its exposure to liquidity risk.

No significant impacts on financial statements of the Company are expected as a result of the proposed amendments.

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 25, 2024

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 25, 2024



Registered Office:


Hadapsar Industrial Estate,
Pune 411 013, Maharashtra, INDIA.

Telephone: 020 - 2672 7000 **Fax:** 020 - 2687 0297

Email: sec@kirloskar.com

Website: www.kirloskarpneumatic.com

CIN: L29120PN1974PLC110307

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