

Ref.: SEC&LEG/527

June 29, 2026

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 51st 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 51st Annual General Meeting ("AGM") of the Company for the financial year 2025-26.

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; and the General Circular No. 03/2025 dated 22nd September, 2025 issued by the Ministry of Corporate Affairs ("MCA Circulars") read with the SEBI Master Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated 30th January, 2026 read with other applicable Circulars and Notifications issued [including any statutory modification(s) or re-enactment thereof for the time being in force and as amended from time to time] (hereinafter referred as 'SEBI Circular'), 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 51st AGM has also been uploaded on the website of the Company viz., [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

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

For Kirloskar Pneumatic Company Limited



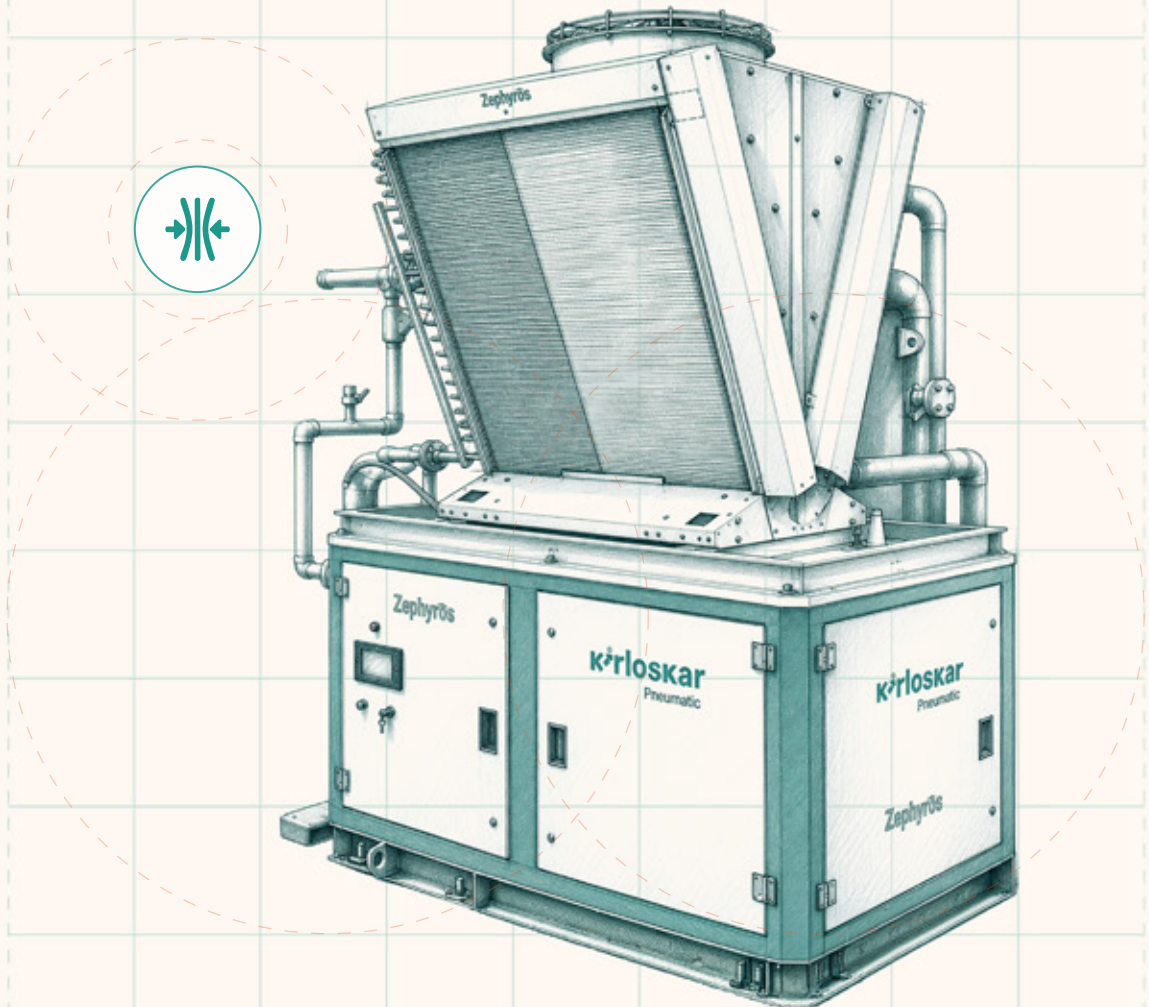
Jitendra R. Shah  
Company Secretary  
Membership No: 17243  
Encl.: as above

**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](mailto:sec@kirloskar.com) | Website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)  
CIN: L29120PN1974PLC110307

# Engineering End-to-End Excellence



**MADE IN KIRLOSKAR**

# MADE IN KIRLOSKAR

IN THE BEGINNING, THERE WAS NOTHING.  
THEN WAS BORN AN ENGINEER.

IT TOOK AN ENGINEER TO DIG A WELL.  
GROW A FIELD.  
MAKE A DAM.  
SET SAIL ON A SHIP.  
MAKING LATITUDES MEET LONGITUDES.

FROM THE RUBBLE, THE ENGINEER CARVED OUT A PATH,  
BUILT ROADS, AND BRIDGES AND HIGHWAYS.

GOD SAID, "LET THERE BE LIGHT."  
THE ENGINEER MADE A LIGHTBULB.

WHERE ONLY BIRDS FLEW,  
AN ENGINEER TOOK FLIGHT.

WHEN AN ENGINEER LOOKED AT THE MOON,  
SHE SAW A SATELLITE.

LANDS BECAME  
TOWNS TURNED  
CITIES GREW  
COUNTRIES SHAPED  
CONTINENTS.

THE WORLD WASN'T JUST BORN.  
IT WAS BUILT.

## Engineering End to End Excellence

At Kirloskar Pneumatic, excellence is not an outcome—it is an engineered process. We continuously strengthen every link of our value chain, from research and design to manufacturing, delivery and lifecycle support. Our approach combines deep engineering expertise, intellectual property creation, integrated manufacturing capabilities and customer-centric innovation to deliver reliable, efficient and future-ready solutions.

As industries evolve and expectations rise, we remain focused on creating value through technological advancement, operational discipline and purposeful investments in manufacturing excellence. By integrating advanced engineering, digital technologies, sustainable practices and a culture of ownership, we are building solutions that address complex industrial challenges while supporting India's manufacturing ambitions.

This philosophy enables us to move beyond products and deliver end-to-end engineering solutions to create lasting value for customers, stakeholders and society while reinforcing our journey from pioneers then to leaders now.

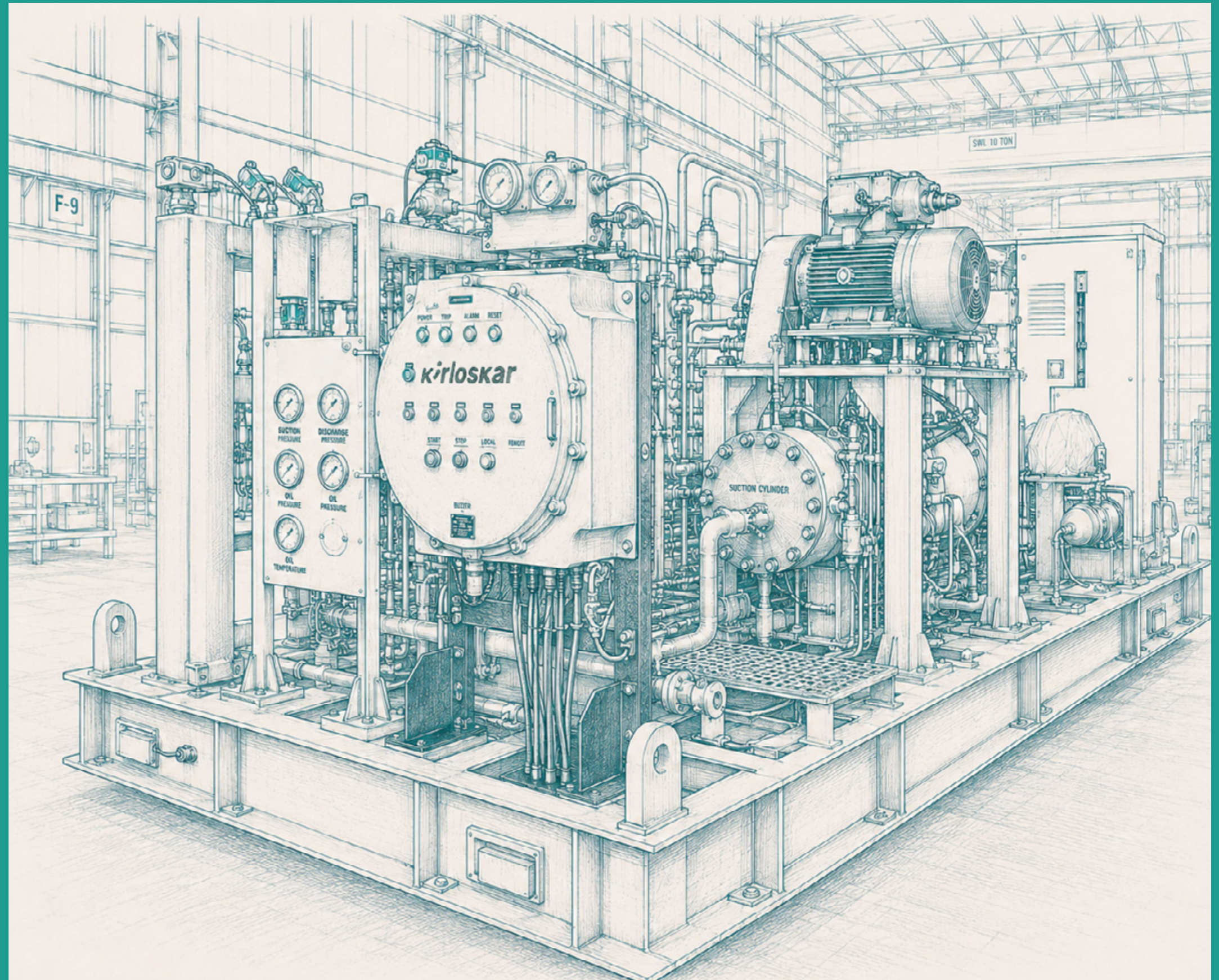
# Excellence rooted in a manufacturing mindset

For generations, the Kirloskar Group has believed that manufacturing is more than an industrial activity—it is a catalyst for economic progress, employment generation and nation building. This conviction has shaped our journey from being among the pioneers of manufacturing in India to becoming a trusted leader delivering world-class engineering solutions.

As manufacturing has evolved from craftsmanship to intelligent, digitally enabled ecosystems, the foundation of competitiveness has evolved as well. Today, sustainable value creation extends beyond efficient production to encompass intellectual property, integrated capabilities, engineering expertise and close customer partnerships. Success lies not only in what is manufactured, but in how value is created across every stage of the journey.

At Kirloskar Pneumatic, this philosophy drives our pursuit of end-to-end excellence. We focus not merely on optimising supply chains, but on strengthening the value chain through innovation, technology and deeper participation across the manufacturing ecosystem. By combining advanced engineering with operational discipline and a culture of ownership, we create differentiated solutions that are reliable, efficient and future ready.

Rooted in a manufacturing mindset and guided by a spirit of collaboration and shared progress, we continue to create value through engineering—strengthening industries, generating opportunities and supporting India's aspiration of becoming a global manufacturing powerhouse. This enduring philosophy reinforces our journey from pioneers then to leaders now, as we continue to engineer excellence across every link of the value chain.



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## About the report

We are pleased to present our Annual Report for FY 2025-26, which includes voluntary disclosures to the extent available to us, in accordance with the reporting framework developed by the IFRS Foundation.

The Report is primarily intended to address the information requirements of investors (our equity and prospective investors). Our endeavour is to present this information in a manner that is also relevant to all the key stakeholders.

### Scope and boundary

This Report provides comprehensive information about the business activities of Kirloskar Pneumatic Company Limited (KPCL) suitably communicated through the six strategic goals, as per the framework defined by the IFRS Foundation.

The document encapsulates our business model, overarching performance and corresponding results. It's important to note that the financial capital-related parameters discussed in this Report pertain exclusively to 'Kirloskar Pneumatic Company Limited' on a standalone operation.

### Reporting period

The major reporting period for this Annual Report is from April 1<sup>st</sup>, 2025 to March 31<sup>st</sup>, 2026. 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 information statements are audited by Kirtane & Pandit LLP. The Independent Auditors' Report has been duly incorporated as part of this Report.

### Stakeholder engagement and materiality

KPCL regularly engages with key stakeholders — investors, customers, employees, suppliers, regulators and communities — through AGMs, investor calls, surveys and feedback channels, incorporating their expectations into strategic priorities.

The Report's content is shaped by a materiality assessment that identifies ESG issues most significant to the Company's value creation and to stakeholders, ensuring focus on what matters most.

### Stakeholder feedback

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

Email: [sec@kirloskar.com](mailto:sec@kirloskar.com)

Website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

### Forward looking statements

This Report contains forward-looking statements that describe our expectations, based on reasonable assumptions and past performances. 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.

### Aligned with:

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



For more information, please, visit our website:

## Corporate information

### Board of directors

**Rahul C. Kirloskar**  
Executive Chairman

**Aman Kirloskar**  
Managing Director

**Atul Kirloskar**  
Non-Executive & Non-Independent Director

**Ajay Kumar Dua**  
Independent Director

**Tejas Deshpande**  
Independent Director

**Pravir Kumar Vohra**  
Independent Director

**Bimal Tanna**  
Independent Director

**Varsha Purandare**  
Independent Director

**K. Srinivasan**  
(Managing Director upto March 31, 2026)

### Key management officials

**Ramesh Birajdar**  
Vice President & Chief Financial Officer (CFO)

**Jitendra R. Shah**  
Company Secretary & Compliance Officer

### Statutory auditors

**Kirtane & Pandit LLP**  
Chartered Accountants

### Secretarial auditors

**M/s SVD & Associates**  
Company Secretaries

### Bankers

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

### Registrar and share transfer agent (RTA)

**Agency Name:** MUFG Intime India Private Limited  
**Address:** Block No. 202, 2<sup>nd</sup> Floor, 'Akshay' Complex,  
Near Ganesh Temple, Off Dhole Patil Road,  
Pune - 411 001  
**Ph Nos.:** 020- 26163503 / 26161629 / 46014473

### Registered office

Hadapsar Industrial Estate, Hadapsar,  
Pune - 411 013  
**Ph No.:** 020-26727000  
**Email:** sec@kirloskar.com

### Corporate office

One Avante, Level 3, Karve Road,  
Kothrud, Pune - 411 038  
**Ph No.:** 020-69065025  
**Email:** sec@kirloskar.com  
**Official Website:**  
www.kirloskarpneumatic.com  
**CIN:** L29120PN1974PLC110307

## Financials at a glance

(₹ in Mn)

Particulars	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Revenue from operations</b>	17,592	16,286	13,226	12,393	10,212	8,233	8,291	7,103	6,065	5,533
<b>Profit before tax</b>	3,422	2,807	1,779	1,433	1,141	839	720	802	727	714
<b>Profit after tax</b>	2,584	2,111	1,333	1,086	849	638	535	553	499	538
<b>Dividend (%)</b>	600	500	325	275	200	175	135	125	120	100
<b>Dividend per share (₹)</b>	12.0	10.0	6.5	5.5	4.0	3.5	2.7	2.5	12.0	10.0
<b>Earnings per share (₹)</b>	39.80	32.56	20.60	16.82	13.19	9.94	8.33	8.60	38.88	41.87
<b>Book value per share (₹)</b>	192.57	168.90	142.75	123.00	102.17	91.59	77.02	76.90	359.38	331.48
<b>Share capital</b>	130	130	129	129	129	129	128	128	128	128
<b>Reserves and surplus</b>	12,380	10,831	9,117	7,822	6,456	5,758	4,818	4,810	4,487	4,129
<b>Shareholders' funds</b>	12,509	10,961	9,246	7,952	6,585	5,886	4,946	4,938	4,616	4,258
<b>Loan funds</b>	-	-	-	-	-	400	278	5	7	-
<b>Total capital employed</b>	12,509	10,961	9,246	7,952	6,585	6,286	5,224	4,944	4,623	4,258
<b>Net block</b>	3,359	2,906	2,319	2,234	2,294	1,750	2,067	1,218	748	794

#### Notes:

- Prior to implementation of GST i.e. upto June 30<sup>th</sup>, 2017, Sales include Excise Duty.
- The equity shares of the Company were sub-divided from ₹10/- per share to ₹2/- per share w.e.f. September 27<sup>th</sup>, 2018.
- The figures pertaining to Dividend % , Dividend per Share, Earning per Share and Book Value per Share for the years from 2018-19 to 2025-26 are on the basis of ₹2/- per equity share.

About Kirloskar Group

# Engineering solutions for future generations

For over 137 years, the Kirloskar Group has served as a keystone of India's industrial evolution. Its journey began in 1888 by a forward-thinking founder who progressed from running a modest bicycle repair shop into creating the nation's first iron plough, an act that laid the foundation for India's industrial revolution. This pioneering spirit catalysed a legacy of progress that continues even today.

Today, the Group is a distinguished leader across multiple sectors—internal combustion engines, power backups, castings, and pneumatic and cooling systems, providing critical engineering solutions to a diverse global market.

The Group provides the backbone of infrastructure across a wide variety of sectors, including hospitality, IT/ITES, agriculture, manufacturing, foods and beverages, oil and gas, infrastructure and real estate. Kirloskar's remarkable growth and resilience are rooted in strong values that serve as the establishment for every one of its enterprises.

The Group's journey began when the founder, Shri Laxmanrao Kirloskar, established an ordinary bicycle repair shop in Belgaum, Karnataka. This humble start soon transitioned into a machine tool workshop, where he created iron ploughs and chaff cutters, setting revolutionary examples of engineering advancements that would eventually define the Group's trajectory.

His son, Shri Shantanurao Laxmanrao Kirloskar, carried this legacy forward with visionary leadership, transforming the Kirloskar Group into one of India's most respected industrial powerhouses. Under his expert guidance, the Group expanded into new sectors and international markets, solidifying company's reputation on the global stage.

Today, Shri Laxmanrao Kirloskar is remembered as both a pioneer of Indian industry and a reformer dedicated to improving lives. His entrepreneurial spirit continues to provide opportunities for thousands across India and benefits millions more through the Group's extensive global operations.



*limitless*

KIRLOSKAR GROUP'S PHILOSOPHY

Our exciting story in numbers

137

Years of excellence

₹100,348 Mn

Combined shareholders' funds<sup>1</sup>

7,000+

Total group employees<sup>2</sup>

₹487,304 Mn

Combined market capitalisation<sup>3</sup>

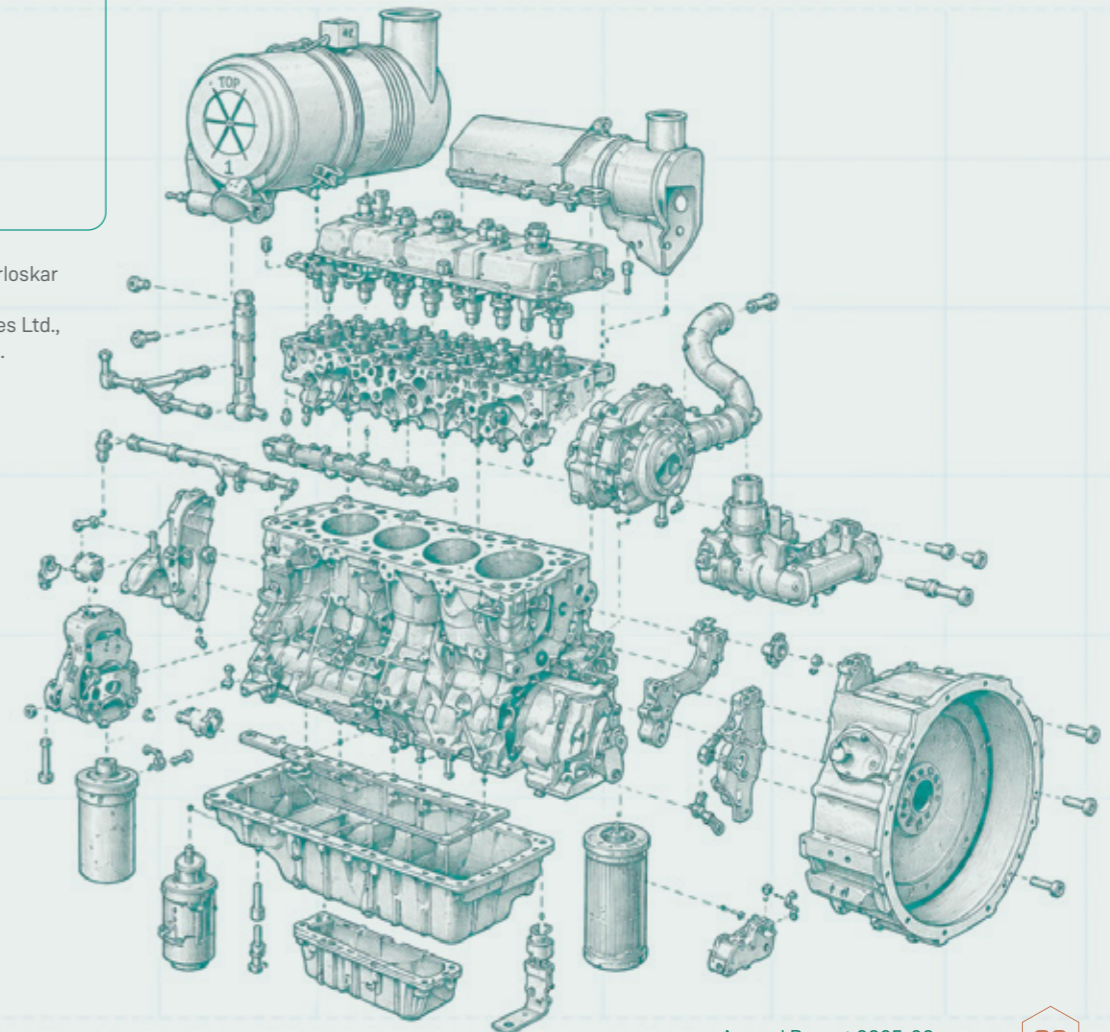
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Listed companies

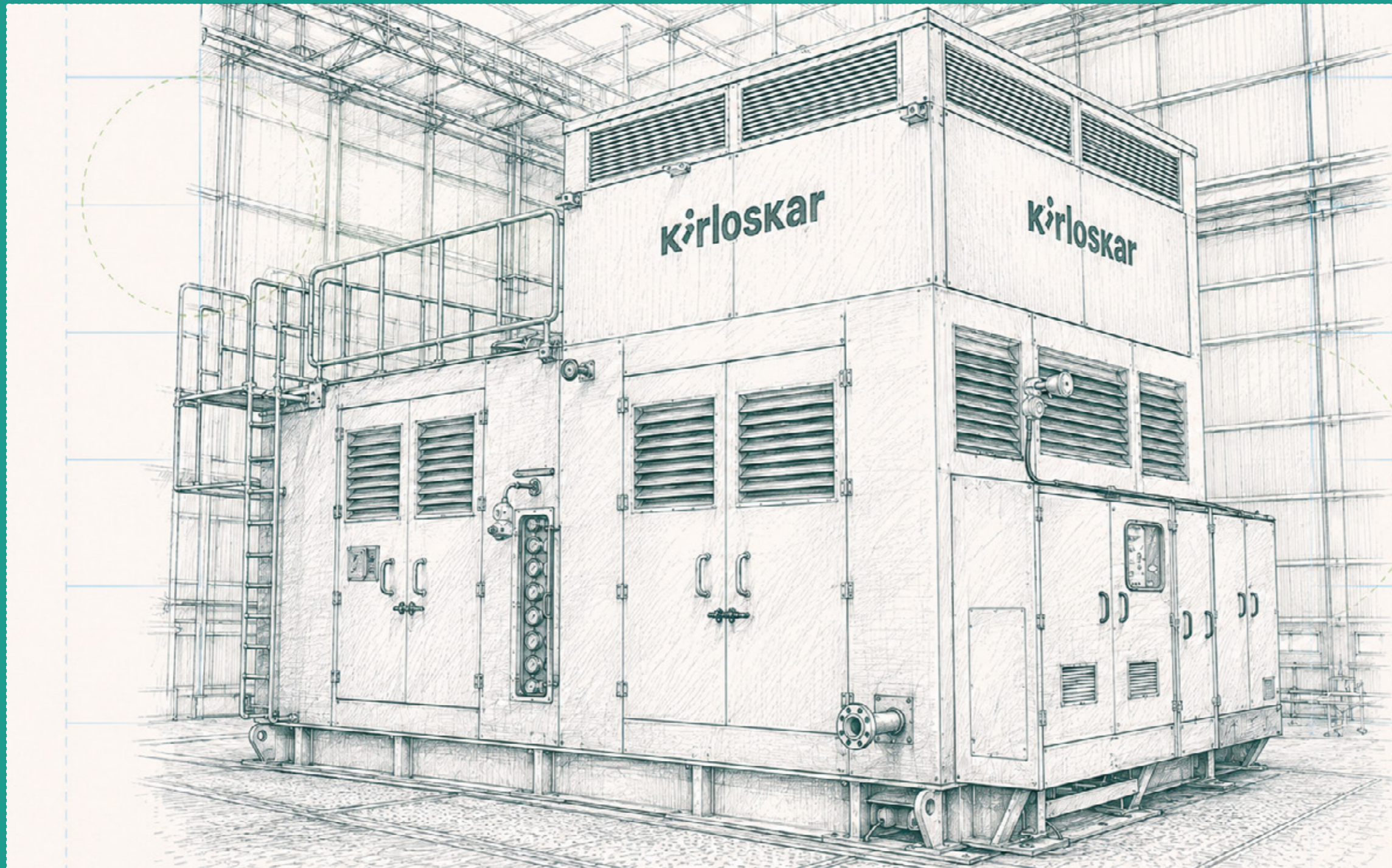
<sup>1</sup>For listed companies including Kirloskar Ferrous Industries Ltd., Kirloskar Industries Ltd., Kirloskar Oil Engines Ltd., Kirloskar Pneumatic Company Ltd.

<sup>2</sup>Employees on payroll.

<sup>3</sup>Market cap based on closing market price of May 29<sup>th</sup>, 2026.



# limitless



As society progresses, we at Kirloskar remain at the forefront by evolving continuously. Our core philosophy, which has served as the cornerstone of our organisation for more than 137 years, remains deeply committed to the progress of humanity.

We empower our customers to confront the future with courage, urging them to discard conventional constraints and unlock their limitless potential. Our path is steered by a vision that looks towards a horizon of infinite opportunity, anchored firmly in our foundational values. With innovation as our driving force, we engineer the solutions of tomorrow while ensuring human advancement remains our primary focus. We make a conscious effort to look past hurdles, focusing instead on the vast, untapped possibilities of the years ahead.

For us, being "limitless" is a pledge to uphold the principles that define our character: innovative thinking, empathy, collaboration, integrity, excellence, and value creation. Through the development of pioneering technology, we forge new paths for services that resolve global challenges and deliver benefits to society consistently striving to surpass what is expected of us. Driven by empathy, we are dedicated to advancing hand-in-hand with our partners and clients, fuelled by the belief that our collective potential knows no bounds.

# Powering industries across every frontier

## Kirloskar Group companies



**Kirloskar Pneumatic Company Limited (KPCL)**  
Compressors and compression systems



**Kirloskar Oil Engines Limited (KOEL), India**  
Internal combustion engines, gensets, farm mechanisation, pumps and electric motors



**Kirloskar Industries Limited (KIL) and Avante Spaces Limited**  
Unregistered core investment company, real estate



**Kirloskar Ferrous Industries Limited (KFIL)**  
Pig iron, iron castings, steel, seamless pipes and value-added products



**Kirloskar Chillers Private Limited**  
Chillers



**ARKA Fincap Limited**  
Non-banking financial company

## About Kirloskar Pneumatic Company Limited

# Powering industrial progress

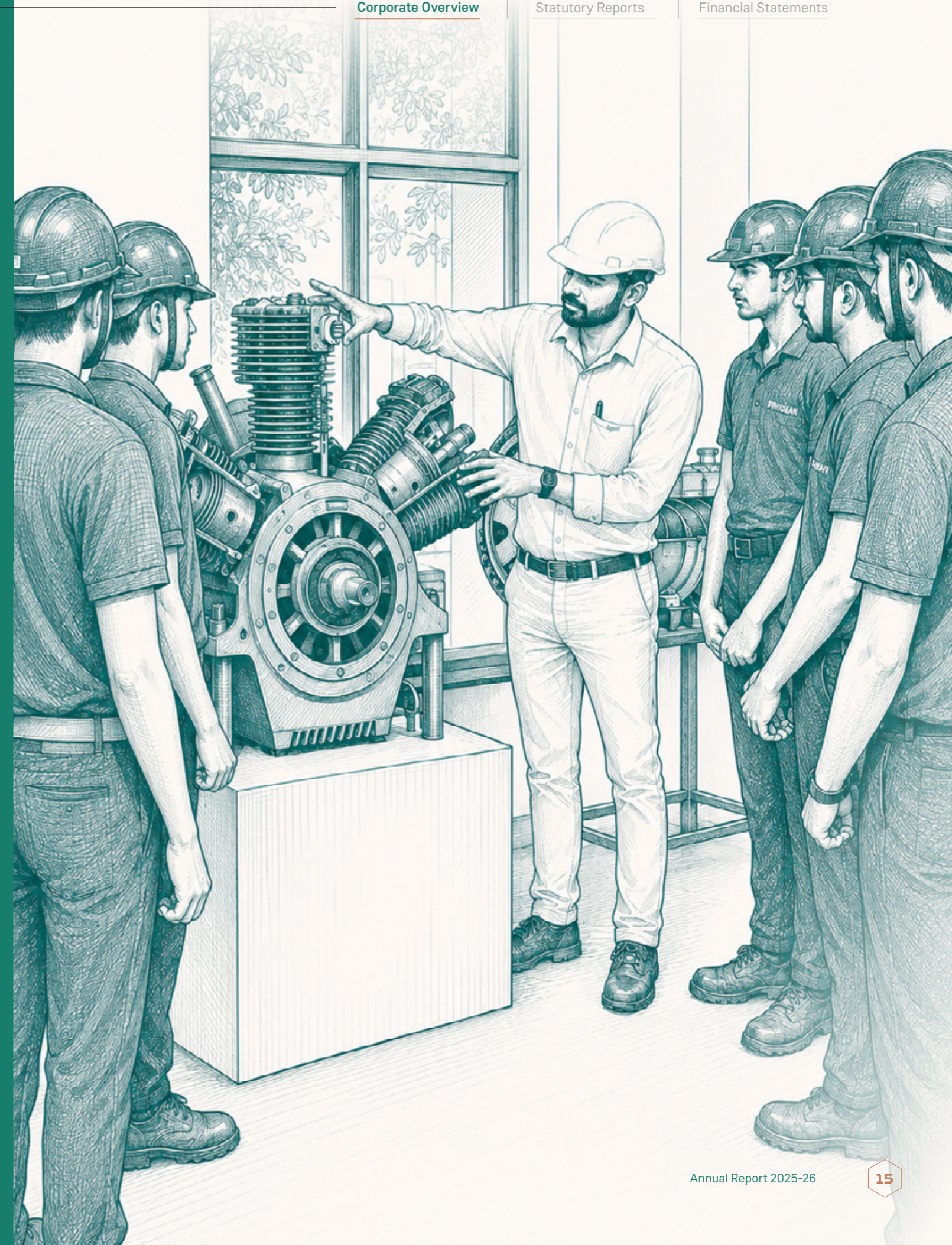
Kirloskar Pneumatic Company Limited (KPCL) is one of India's leading engineering companies with diversified capabilities across industrial compression, refrigeration, process gas systems and precision engineering solutions. Backed by the legacy and values of the Kirloskar Group, the Company has built a strong presence across critical industrial sectors through engineering excellence, application expertise and customer-centric innovation.

With decades of experience in industrial engineering, KPCL has evolved into a comprehensive solutions provider catering to complex industrial requirements across manufacturing, infrastructure, oil & gas, railways, pharmaceuticals, food processing, chemicals, marine and energy sectors. The Company combines product engineering, system integration, manufacturing and aftermarket support capabilities to deliver reliable and efficient solutions across applications.

Supported by a strong in-house R&D team of over 200 engineers, KPCL continues to drive innovation-led product development and has evolved into an IP-driven organisation focused on creating differentiated technologies and solutions for diverse industrial needs.

# 200+

**In-House Engineers Powering Innovation**



# OUR VISION

## SUSTAINABLE GLOBAL GROWTH

We are built on



SPEED



QUALITY



KNOWLEDGE MANAGEMENT



PEOPLE AND PROCESSES



CUSTOMER CARE



LASTING PARTNERSHIP

# OUR VALUES

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



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



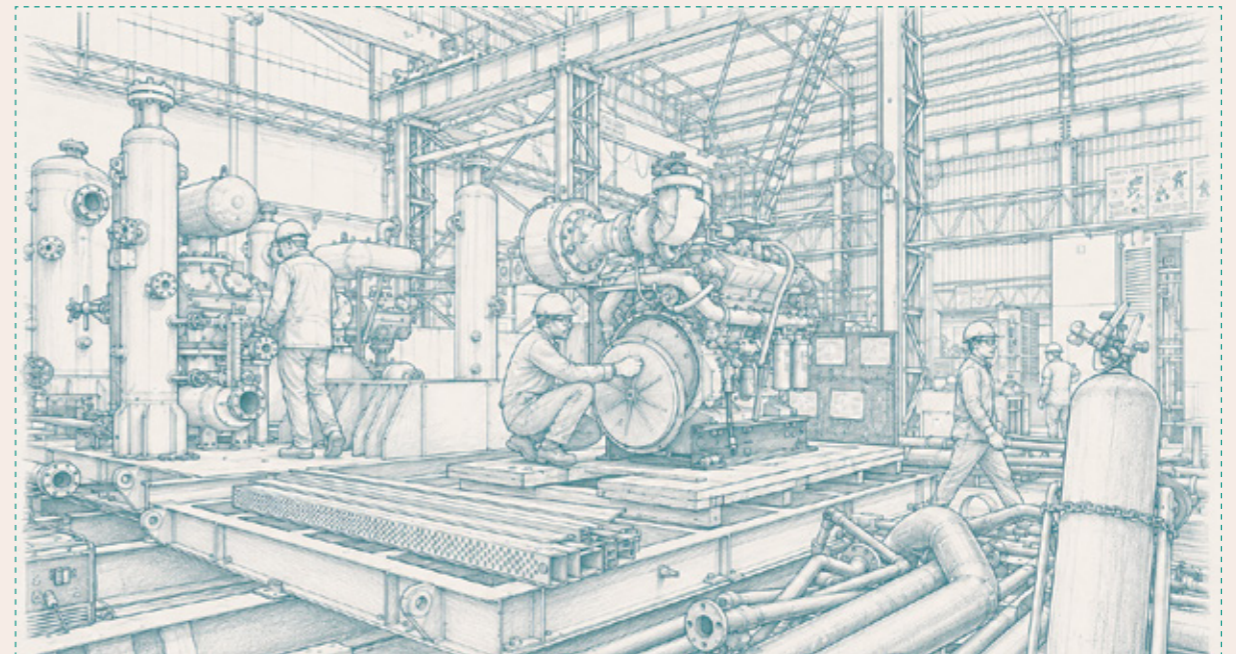
INNOVATIVE THINKING

Be bold and brave, and stay relevant

# OUR MISSION

WE WILL DEMONSTRATE AN EDGE TO ALL OUR STAKEHOLDERS IN OUR OFFERINGS FOR CONVERTING/TRANSMITTING ENERGY.

WE WILL STRIVE TO MAKE OUR COMPANY AN EMPLOYER OF CHOICE.



**Our offerings**

# Enabling critical industries through engineering excellence

We deliver advanced engineering solutions that support critical industrial processes across a wide range of sectors. Our expertise spans compression, refrigeration and gas-handling technologies, serving various industries. Backed by strong engineering capabilities, integrated manufacturing infrastructure and a customer-centric approach, we develop reliable, energy-efficient and application-focused solutions tailored to evolving industry requirements.

## Air Compressors

Read more on  
Pg 20



## Air Conditioning & Refrigeration

Read more on  
Pg 21



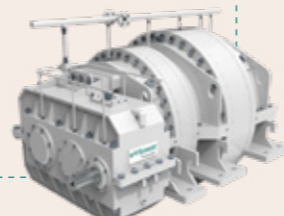
## Process Gas Systems

Read more on  
Pg 22



## Transmission, Forging and Fabrication

Read more on  
Pg 23



Sector	Key applications
 <b>Pharmaceuticals &amp; Chemicals</b>	Process cooling and critical manufacturing processes
 <b>Automotive Engineering</b>	Manufacturing processes, testing and production applications
 <b>Oil &amp; Gas</b>	Gas compression, process operations and critical industrial systems
 <b>Food &amp; Beverage Processing</b>	Process cooling and refrigeration solutions
 <b>Dairy, Meat, Fisheries, Fruits &amp; Vegetables, Breweries</b>	Cold chain, preservation and processing applications
 <b>Steel &amp; Aluminium</b>	Industrial gases, process efficiency and manufacturing operations
 <b>General Engineering</b>	Diverse industrial and manufacturing requirements
 <b>Sugar, Textile, Cement &amp; Paper</b>	Process optimisation and utility applications
 <b>Power Generation</b>	Thermal, Nuclear, Coal handling, Hydro and Renewable Energy - Wind-Solar power applications
 <b>Marine</b>	Reliable solutions for marine and offshore operations

# AIR COMPRESSORS

## Reliable compression solutions for industrial operations

The Air Compressors business remains one of KPCL's core strengths, serving diverse industrial sectors through a wide portfolio of compressed air solutions. The Company offers technologically advanced compression systems designed for reliability, operational performance and energy optimisation across industrial applications.



### Key offerings

- Centrifugal Air Compressors – Tezcatlipoca
- Screw Air Compressors
- Reciprocating Air & Gas Compressors

KPCL continues to strengthen its position in industrial compression through innovation, localisation initiatives and next-generation compressor technologies. During FY26, the Company achieved significant milestones including installation growth for its centrifugal compressor platform and continued development of indigenous compressor technologies.

Centrifugal Air Compressors – Tezcatlipoca

Screw Air Compressors

Reciprocating Air & Gas Compressors



# AIR CONDITIONING & REFRIGERATION

## Engineering a sustainable future in industrial refrigeration & process cooling

KPCL offers a comprehensive portfolio of industrial refrigeration and process cooling solutions tailored for critical applications that demand precise temperature control. The ACR business support vital industrial sectors, including food processing and preservation, oil and gas, chemicals, and pharmaceuticals, with custom-engineered systems that drive operational excellence. By focusing on energy optimisation and sustainable performance, our solutions enhance overall efficiency across most demanding environments.



### Key offerings

- Air Conditioning & Refrigeration Equipment
- Refrigeration Systems
- Vapour Absorption Chillers

The Company remains dedicated to strengthening its core capabilities to address evolving industrial demands. Moving forward, we will continue delivering the sustainable, energy-efficient refrigeration and process cooling solutions required for the most critical applications.

Air Conditioning & Refrigeration Equipment

Refrigeration Systems

Vapour Absorption Chillers



# PROCESS GAS SYSTEMS

## Engineering gas compression solutions across energy value chain

KPCL delivers specialised process gas systems catering to critical applications across upstream, midstream and downstream operations. The business supports energy, oil & gas and industrial customers through customised gas compression systems designed for operational reliability and process efficiency.

### Key application areas

- **Upstream**  
Gas gathering and production systems
- **Midstream**  
Gas transportation and processing
- **Downstream**  
Refining and industrial applications
- **CNG applications**  
City gas distribution and mobility
- **Compressed biogas**  
Sustainable fuel and green energy applications
- **Hydrogen & industrial gas compression**  
This is the new application catered by PGS



### Key solution

- Diaphragm Compressor Package - For High Pressure hydrogen & Industrial Gas Application

KPCL continues to strengthen its participation in clean energy opportunities through hydrogen gas compression for mobility (up to 1,000 bar) and Industrial gas compression technologies aligned with India's energy transition initiatives.

Key highlight - We are installing India's first 700 bar hydrogen compressor package for refueling application

High Pressure hydrogen compressor package - Diaphragm type compressor pressure



# TRANSMISSION, FORGING AND FABRICATION

## Advanced manufacturing and precision-driven engineering capabilities

kPCL's Precision Engineering business supports industrial manufacturing and mobility sectors through integrated engineering and manufacturing capabilities. The business combines fabrication, machining, foundry and transmission expertise to deliver high-performance industrial components and systems.



### Key capabilities

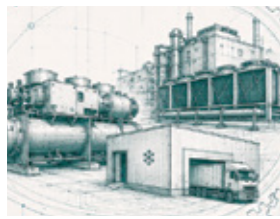
- Forging
- Fabrication
- Foundry (LFC)
- Industrial Gearboxes
- GearsLoco Transmission

The Company's precision engineering operations are supported by manufacturing expertise, stringent quality systems and application-focused engineering capabilities catering to the railways, heavy engineering and industrial sectors.

Sugar Planetary Gearbox



**Key strengths**



**Diversified engineering portfolio**

Presence across air compression, refrigeration, process gas systems and precision engineering businesses enables participation across multiple industrial sectors and applications.



**Strong engineering expertise**

Deep domain knowledge and application engineering capabilities support customised solutions for critical industrial requirements.



**Integrated manufacturing capabilities**

A well-established, backward-integrated manufacturing infrastructure spanning fabrication, machining, assembly and testing capabilities strengthens operational efficiency, enables closer control over the supply chain and quality standards, and supports timely delivery of reliable, high-performance solutions.



**Established market presence**

Our long-standing relationships with industrial customers across domestic and international markets reinforce business stability and customer trust. We have also built a strong track record of delivering critical application engineering solutions in the compression and refrigeration space, strengthening our position as a trusted partner for complex and demanding industrial requirements.



**Technology and innovation focus**

Continued focus on product development, localisation and energy-efficient technologies supports competitiveness and future readiness.



**Diverse end-user industries**

Presence across sectors such as oil & gas, manufacturing, railways, chemicals, food processing and infrastructure strengthens business resilience.

**Presence**

# Delivering value across geographies

**3**

**Manufacturing Plants**  
Hadapsar, Pune (Head Office)  
Saswad, Nashik

**North Region**  
New Delhi and Lucknow

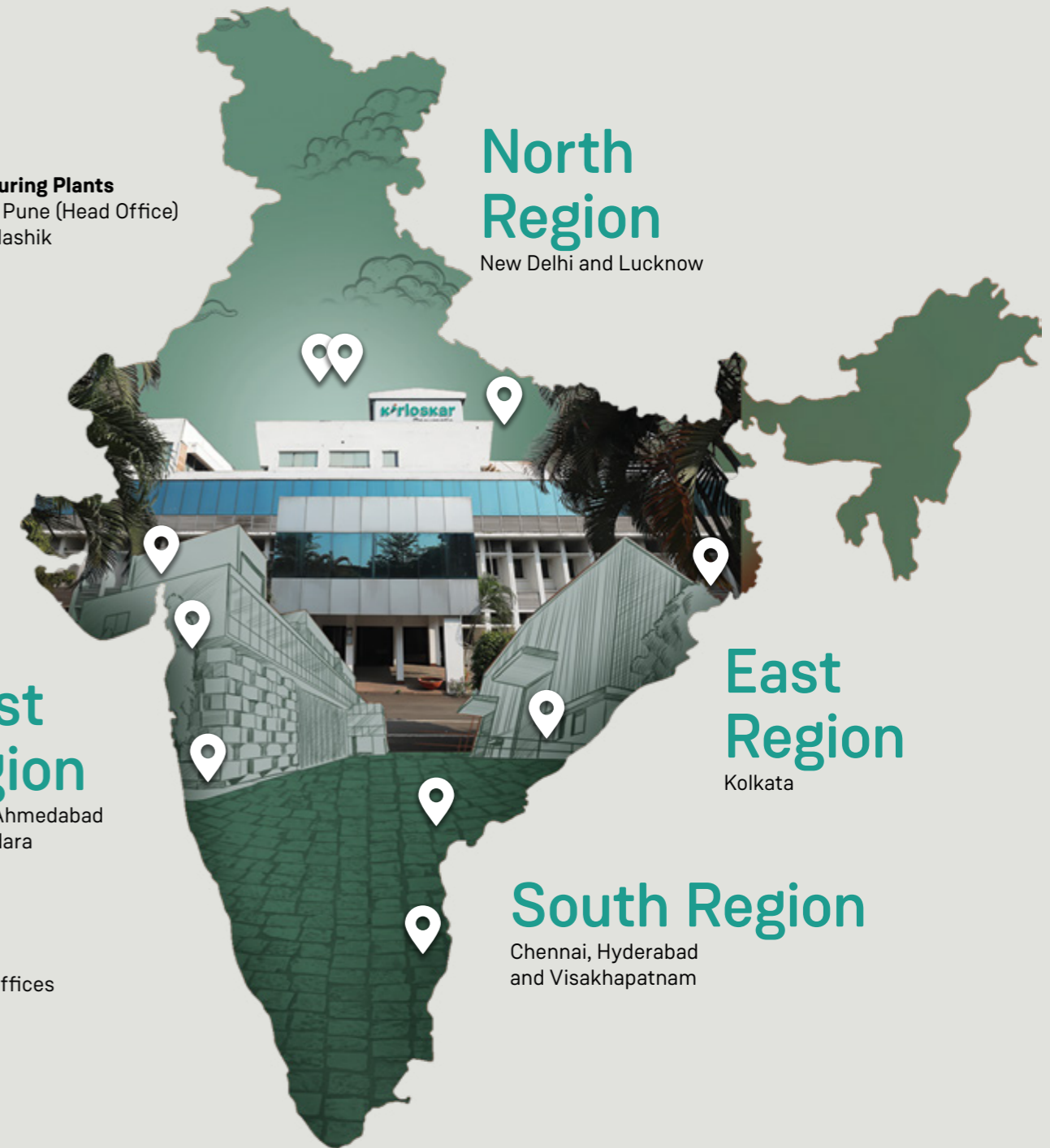
**West Region**  
Mumbai, Ahmedabad and Vadodara

**East Region**  
Kolkata

**10**

Regional offices

**South Region**  
Chennai, Hyderabad and Visakhapatnam



Awards and accolades

# Celebrating recognition, striving for excellence

The year witnessed several notable recognitions across people practices, innovation, quality excellence, intellectual property management and sustainable operations. These accolades reflect our commitment to engineering excellence, continuous improvement, responsible growth and creating long-term value for stakeholders.

Intellectual property excellence

**CII Industrial Intellectual Property Awards 2025**

Kirloskar Pneumatic won the Runner-Up Award for 'Best Trademarks Portfolio' (Large Engineering/Manufacturing category) at the 11<sup>th</sup> CII Industrial Intellectual Property Awards 2025 in New Delhi, and was also named among the Top 30 IP-Driven Organizations — recognition of its strategically managed, fast-growing trademark portfolio.



Innovation leadership

**Excellence in Innovation Award 2025**

We received the Excellence in Innovation Award at the 13<sup>th</sup> Manufacturing Today Conference & Awards 2025 for our indigenous engineering capabilities and breakthrough technologies, including Khione and Tezcatlipoca, reinforcing our position as a technologically advanced engineering company.



Quality & continuous improvement

**NCQC 2025 Excellence Awards CCQC 2025 – Five Gold and One Silver Award**

Our teams earned multiple recognitions at national quality forums for Kaizen and continuous improvement initiatives spanning manufacturing, quality assurance, project execution, plant engineering and environmental management, reflecting our commitment to operational excellence and problem-solving excellence.



People excellence

**Golden Peacock HR Excellence Award 2025**

We were honoured with the Golden Peacock HR Excellence Award 2025 (Engineering Sector), recognising our efforts to build a high-performance workplace through strong HR systems, leadership development, employee engagement and a culture founded on trust, collaboration and growth.



Sustainability & operational excellence

**CII Energy Efficient Plant Award 2025**

Our Saswad plant was recognised with the Energy Efficient Plant Award for its sustained efforts in energy conservation, resource optimisation and operational efficiency, supporting our long-term sustainability and ESG objectives.



# Board of Directors



1

**Ms. Varsha Purandare**  
Independent Director

2

**Dr. Ajay Dua**  
Independent Director

3

**Mr. Atul Kirloskar**  
Non-Executive &  
Non-Independent Director

4

**Mr. Rahul Kirloskar**  
Executive Chairman

5

**Mr. Aman Kirloskar**  
Managing Director

6

**Mr. Pravir Vohra**  
Independent Director

7

**Mr. Tejas Deshpande**  
Independent Director

8

**Mr. Bimal Tanna**  
Independent Director

# Leadership Team



1

**Mr. Samit Gujarathi**  
Head of PGS Division

2

**Mr. Deepak Lokras**  
President

3

**Mr. Ramesh Birajdar**  
Vice-President & Chief  
Financial Officer

4

**Mr. Rahul Kirloskar**  
Executive Chairman

5

**Mr. Aman Kirloskar**  
Managing Director

6

**Mr. N. Vijay Kumar**  
Business Head-Defence  
and New Products

7

**Mr. Nitin Pai**  
Head of ACR  
Business Unit

8

**Mr. Ganesh Chaudhari**  
CHRO

9

**Mr. Jitendra Shah**  
Company Secretary  
& Head Legal

# Chairman's message

Dear Shareholders,

At Kirloskar Pneumatic Company Limited, we have always believed that manufacturing is not merely an economic activity — it is a nation-building force. Strong manufacturing ecosystems create employment, enable technological progress, strengthen self-reliance and accelerate societal advancement. As India continues its journey towards becoming a developed economy, engineering and manufacturing companies like ours have a critical role to play.

FY 2025-26 was a year of purposeful progress for KPCL. We continued to strengthen our position as a technology-driven engineering company, with growth anchored in strong in-house R&D capabilities and a focused commitment towards developing sustainable, energy-efficient and future-ready engineering solutions.

For the year, the Company reported Total Income of ₹17,860 million, compared to ₹16,510 million in FY25, while Profit Before Tax increased to ₹3,560 million, registering a growth of 25% over the previous year. Net profit reported for the year was ₹2,580 million. This performance reflects the strength of our diversified business portfolio, disciplined execution, and our sustained focus on engineering excellence and customer-centric innovation.

At KPCL, our focus is not only on building products, but on building differentiated technologies and integrated engineering solutions. Over the years, we have steadily evolved from being a conventional engineering company to becoming an innovation-led organisation with deep expertise across compression and refrigeration technologies.

One of the strongest reflections of this transformation is our growing emphasis on intellectual property creation. Today, KPCL is filing more than one intellectual property every week. Over the last few years, we have filed / granted around 128 IPs, driven by the efforts of over 200 engineers working across design, engineering and R&D functions. This represents a significant cultural and strategic shift towards innovation-led manufacturing.

Our investments in research and development continue to shape the future of the Company. During the year, we introduced several advanced technologies and next-generation products across our businesses. New offerings such as the Zephyros range, Tezcatlipoca centrifugal compressors and Khione screw compressors represent our continued commitment towards developing differentiated, high-efficiency and technologically advanced solutions for emerging industrial applications.

At the core of our strategy lies a strong manufacturing philosophy. While many organisations focus only on optimising supply chains, KPCL continues to strengthen its value chain through deeper integration, localisation and engineering-led value creation. During the year, we made important investments in hydrocarbon-free forging, setting up of lost foam casting plant for critical compressor components and the establishment of a specialty motor plant for in-house development of Tyche semi-hermetic compressors.

These initiatives enhance our manufacturing intensity, improve execution capability and reduce dependence on external ecosystems while strengthening quality, reliability and cost competitiveness.

We also continued to invest in digitalisation and Industry 4.0 initiatives across manufacturing and business operations. AI-enabled systems, digital product selection tools and automation-led efficiencies are increasingly becoming integral to the way we operate and serve our customers.

India's industrial and manufacturing ecosystem continues to offer significant long-term opportunities. Investments across infrastructure, energy, cold chain, industrial manufacturing and process industries continue to drive demand for technologically advanced engineering

solutions. Simultaneously, the growing focus on energy efficiency, sustainability and localisation is creating new opportunities for companies with strong engineering and manufacturing capabilities.

Beyond financial performance and technological progress, our people remain our greatest strength. KPCL's culture is built on transparency, ownership, collaboration and a deep commitment to engineering excellence. I would like to sincerely thank every member of the KPCL family for their dedication and contribution towards building a stronger and future-ready organisation.

FY 2025-26 also marked an important leadership transition for the Company. During the year, Mr. Srinivasan stepped down from his role as Managing Director after a distinguished tenure that has left a lasting impact on KPCL's growth trajectory.

Under his leadership, the Company strengthened its technological capabilities, accelerated its focus on innovation and intellectual property creation, and enhanced its manufacturing and engineering excellence. His vision of building a more integrated, R&D-driven organisation helped lay the foundation for several strategic initiatives that continue to shape KPCL's future. Equally important was his unwavering focus on operational discipline, value creation and profitability improvement, which strengthened the Company's resilience and competitiveness.

On behalf of the Board, I would like to express our sincere gratitude to Mr. Srinivasan for his invaluable contribution and dedicated service to the Company. We wish him every success in his future endeavours. We also welcome Mr. Aman Kirloskar as Managing Director and look forward to his leadership as he builds upon this strong foundation and guides KPCL through its next phase of growth.

I also extend my gratitude to our customers, business partners, shareholders and all stakeholders for their continued trust and confidence in the Company.

In line with the Company's dividend distribution policy and reflecting our continued commitment towards shareholder value creation, the Board of Directors has recommended a total dividend of 600% for FY 2025-26. This includes a proposed final dividend of 425% (₹8.50 per share), subject to shareholders' approval, in addition to the interim dividend of 175% (₹3.50 per share) declared during the year. This marks the highest dividend payout in the Company's history.

In the last meeting, the Board approved a stock split in the ratio of 1:2, subject to the requisite approvals. We believe this step will enhance liquidity and make the Company's shares more accessible to a wider base of investors as we continue to build on our growth momentum.

As we look ahead, we remain firmly committed to building a world-class engineering organisation rooted in innovation, manufacturing excellence and sustainable growth. With strong R&D capabilities, an expanding intellectual property portfolio, differentiated products and a clear strategic direction, KPCL is well positioned for the future.

At Kirloskar, we have always believed in creating progress through manufacturing. We remain committed to that philosophy as we continued our journey from being pioneers then to leaders now.

Warm regards,

**Rahul C Kirloskar**

**Executive Chairman**

Kirloskar Pneumatic Company Limited

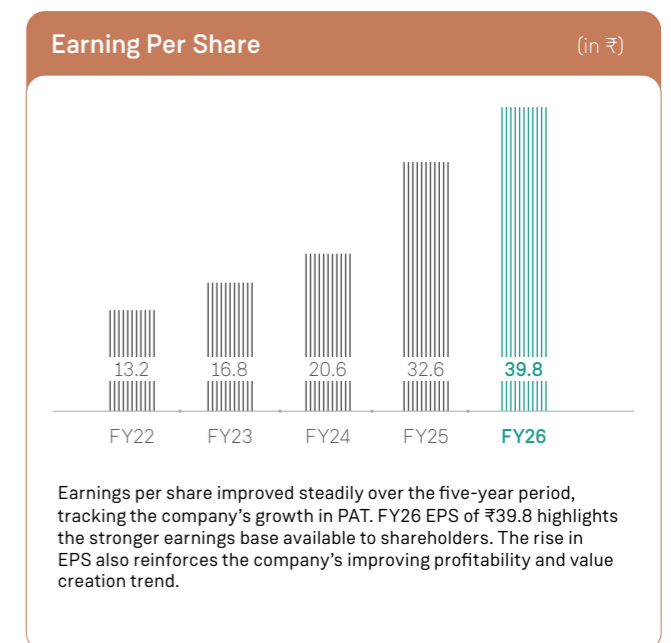
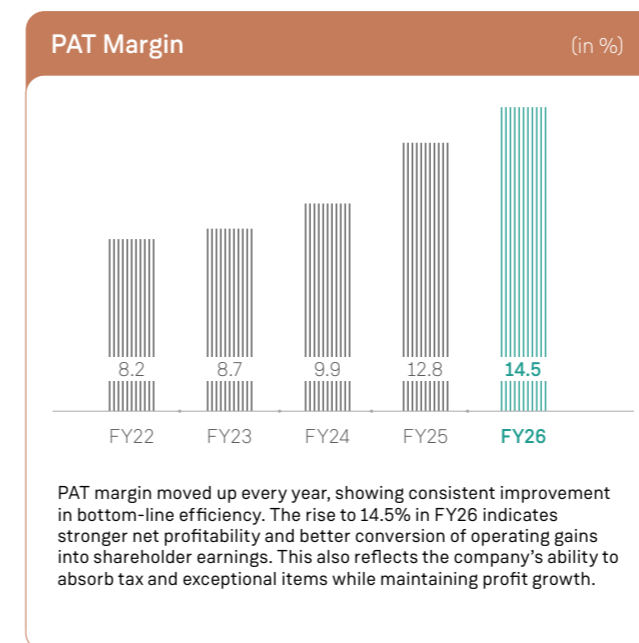
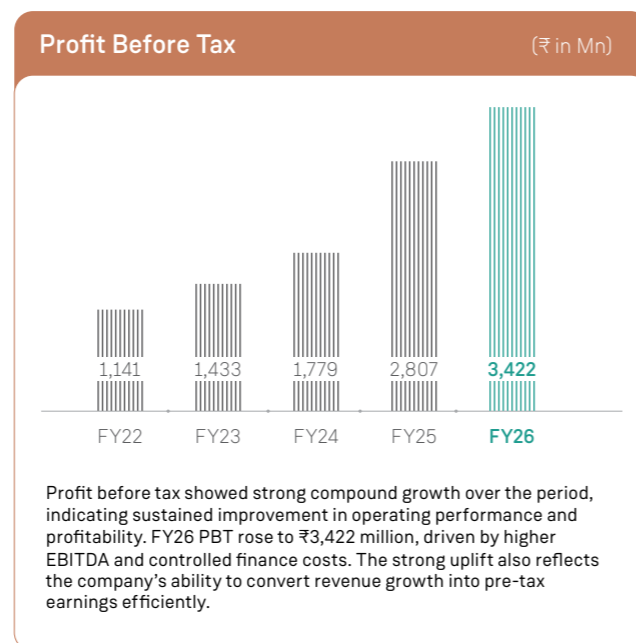
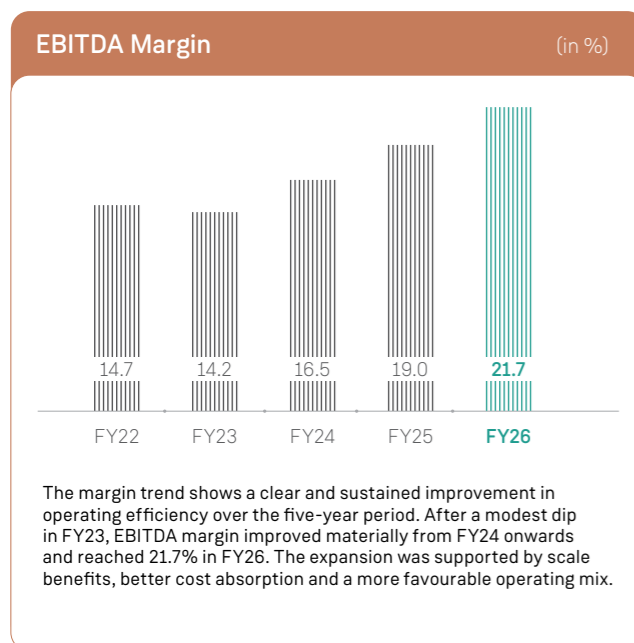
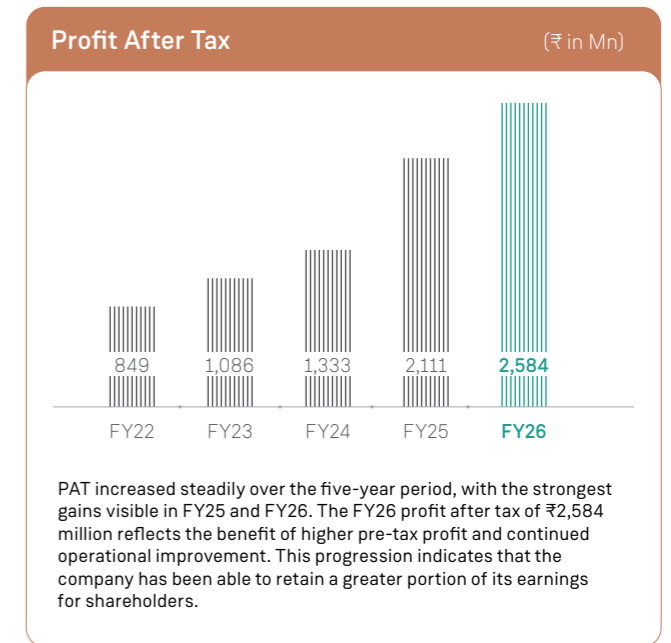
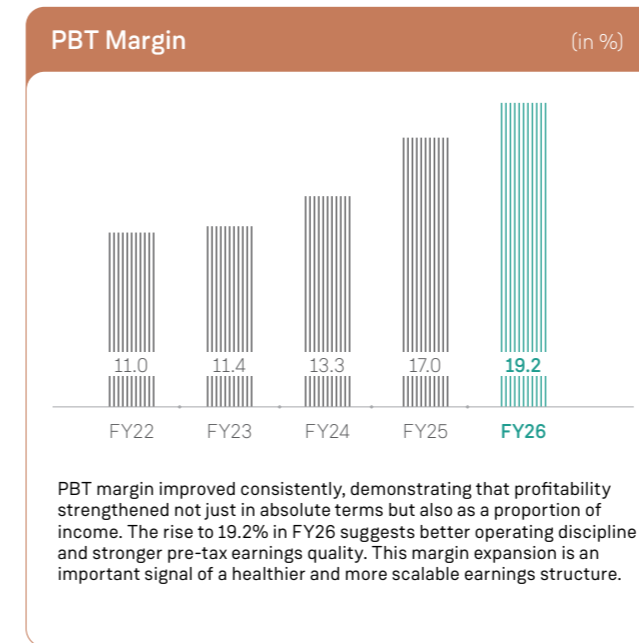
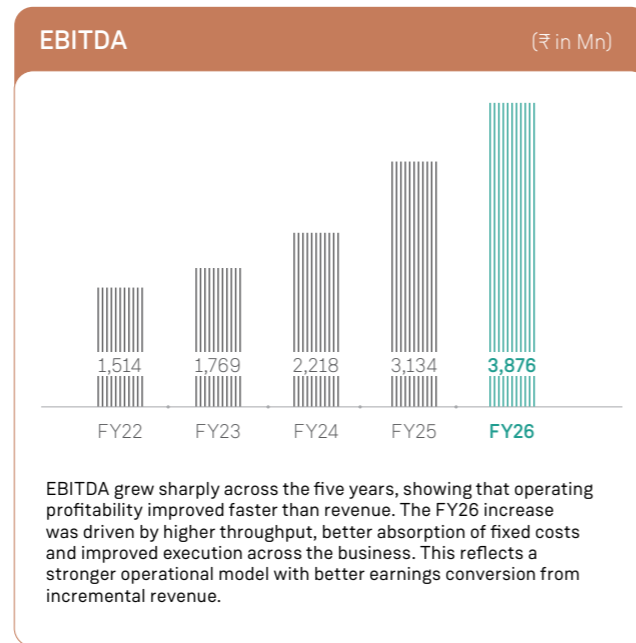
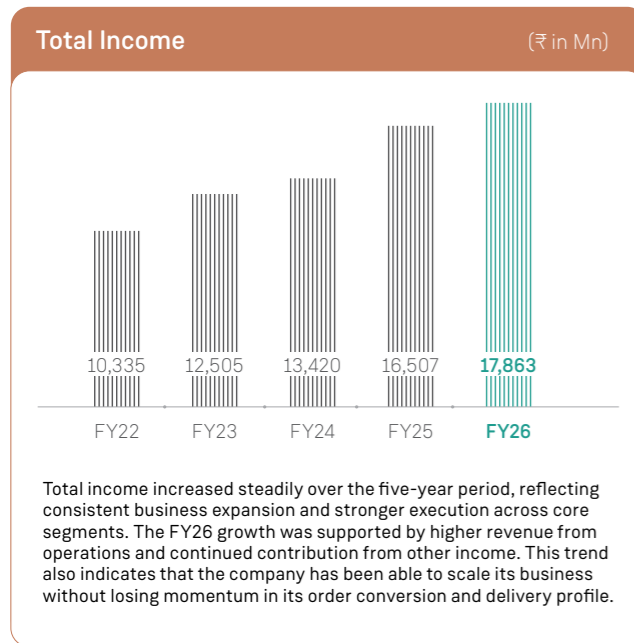
“At KPCL, our focus is not only on building products, but on building differentiated technologies and integrated engineering solutions. Over the years, we have steadily evolved from being a conventional engineering company to becoming an innovation-led organisation with deep expertise across compression and refrigeration technologies.”



Performance review

# Delivering consistent performance

We delivered a strong financial performance in FY26, with revenue, profitability and earnings all showing healthy year-on-year improvement. The company also expanded margins, indicating better operating leverage and disciplined cost management.



Key wins and developments

# Unlocking possibilities

FY26 was a landmark year for Kirloskar Pneumatic, marked by record financial and operational achievements, strategic leadership transition and several value-creating initiatives. The company reported all-time highs in order booking, total income, profit before tax and dividend, reflecting broad-based progress across the business.



### Order inflow and visibility

Order inflow crossing ₹20,000 million was a significant milestone in FY26 and reflects sustained demand across the company's business lines. The higher closing order board also strengthens visibility for the next financial year and supports continuity in revenue conversion.

**₹20,000 Mn**

Order Inflow in FY26

### Business portfolio strength

The company's operations are supported by a diversified business portfolio covering air conditioning and refrigeration equipment, air compressors, process gas systems and precision engineering. The compression segment remains the largest contributor, accounting for more than 90% of total revenue, with strong exposure to food, dairy, chemicals and power.

**90%**

Revenue Contribution

### Manufacturing and market reach

Kirloskar Pneumatic has a strong manufacturing and market presence, with facilities at Hadapsar, Saswad and Nashik, supported by a pan-India dealer network and a sales presence in the Middle East, Africa and South East Asia. This footprint enables the company to serve domestic and international customers more effectively while strengthening execution and customer access.

**Pan-India**

Dealer network

### Innovation and IP creation

Innovation remained a key operational focus in FY26, with the company filed / granted 57 intellectual properties during the year, taking the total IP count to 128. This reflects continued investment in engineering improvement, product development and process enhancement.

**57**

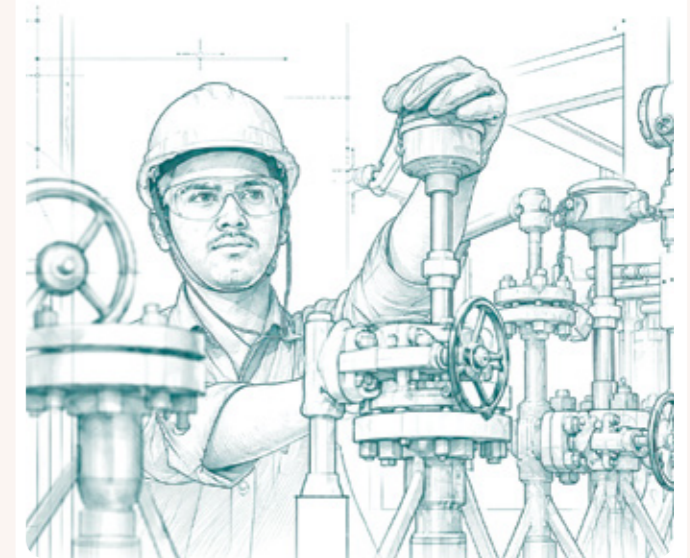
Intellectual Properties Filed / Granted in FY26

### PLI and future capacity

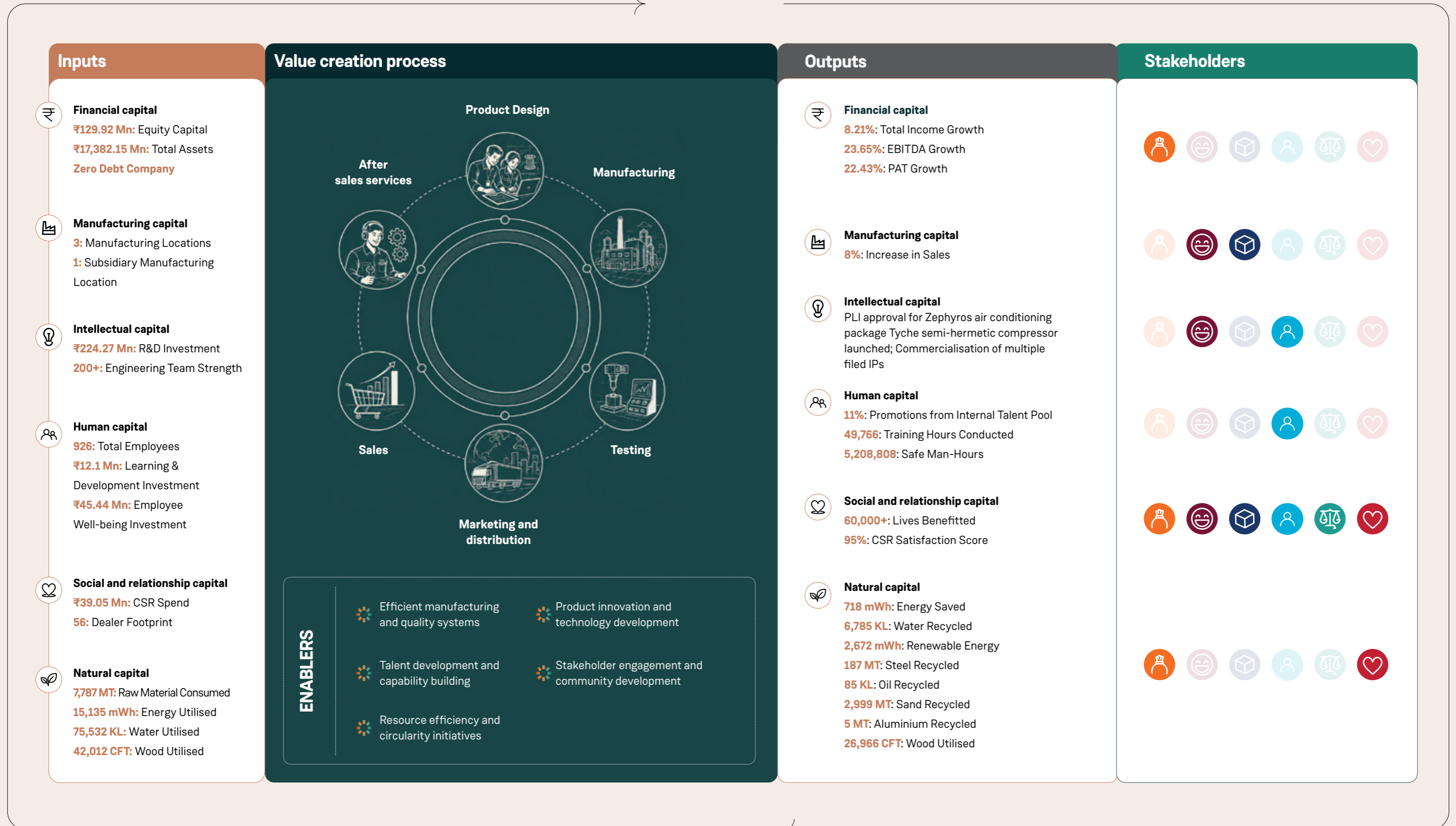
The company received PLI approval for the Zephyros air conditioning package, along with related components such as heat exchangers, sheet metal components and motors. The associated capex commitment of ₹3,200 million is expected to support future capacity building and strengthen manufacturing competitiveness.

**₹3,200 Mn**

CAPEX



**Value creation model**



## Stakeholder engagement

# Building shared value through meaningful association

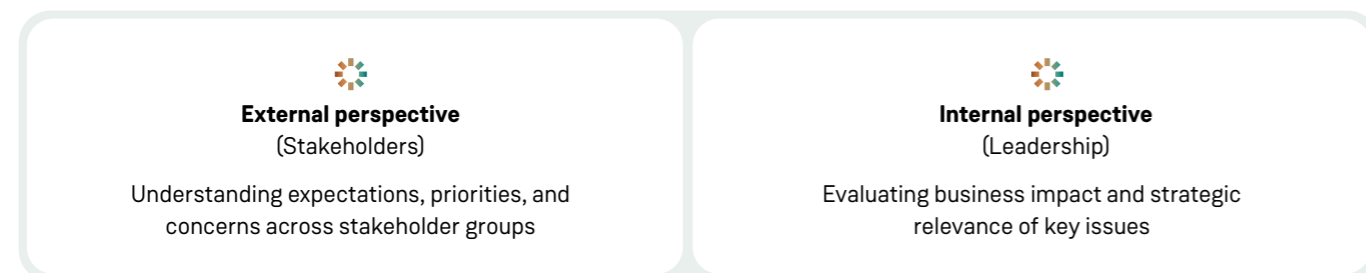
In a business environment shaped by rapid change, evolving expectations, and increasing accountability, stakeholder engagement has become a critical driver of strategic clarity and long-term resilience. For us, value creation is no longer defined solely by financial outcomes, but by how effectively we understand, respond to, and align with the expectations of those who influence and are impacted by our operations.

We view stakeholders as partners in progress. Through continuous dialogue, transparent communication, and structured feedback mechanisms, we aim to balance diverse expectations with our strategic objectives while creating shared value across the ecosystem.

### Stakeholder engagement approach

Our engagement framework is designed to ensure that stakeholder expectations are systematically captured, assessed, and integrated into decision-making.

We follow a dual approach:



## Stakeholder mapping, engagement & expectations

Stakeholder group	How we engage	Key expectations	Value delivered / Focus areas
 <b>Employees</b>	Internal communication platforms, training programmes, town halls, recognition initiatives, wellness programmes	Growth opportunities, safe workplace, inclusivity, wellbeing, recognition	Learning and development, diversity and inclusion, employee wellbeing, safe work environment
 <b>Customers</b>	CRM systems, customer support teams, feedback surveys, digital platforms, customer events	Quality products, timely service, value for money, responsiveness	Product quality, service excellence, customer satisfaction, continuous improvement
 <b>Investors / Shareholders</b>	AGMs, earnings calls, investor presentations, regulatory filings, website disclosures	Transparent reporting, consistent financial performance, long-term value creation	Financial discipline, governance transparency, sustained returns
 <b>Suppliers &amp; Partners</b>	Vendor meetings, workshops, collaboration sessions, audits, joint initiatives	Fair pricing, timely payments, long-term partnerships, ethical practices	Supply chain efficiency, collaboration, innovation, responsible sourcing
 <b>Communities &amp; NGOs</b>	CSR programmes, volunteer initiatives, awareness campaigns, partnerships	Inclusive development, education, healthcare, livelihood support	Social impact programmes, community development, sustainability initiatives
 <b>Regulators &amp; Government Bodies</b>	Compliance reporting, consultations, industry forums, statutory disclosures	Regulatory compliance, ethical conduct, transparency	Governance compliance, ethical operations, policy alignment

**Materiality assessment**

# Aligning priorities for sustainable growth

We undertook a comprehensive reassessment of our material topics to ensure continued alignment with evolving stakeholder expectations, regulatory requirements and long-term business priorities. Built on the materiality framework in FY 2023, this exercise was used to validate existing priorities, incorporate emerging risks and opportunities, and strengthen the integration of sustainability considerations into business decision-making.

**Our approach**

The reassessment followed a structured methodology, comprising identification of relevant ESG themes through peer benchmarking and review of globally recognised frameworks, including SASB, MSCI and LSEG, followed by structured stakeholder engagement to assess the relative importance of each topic.

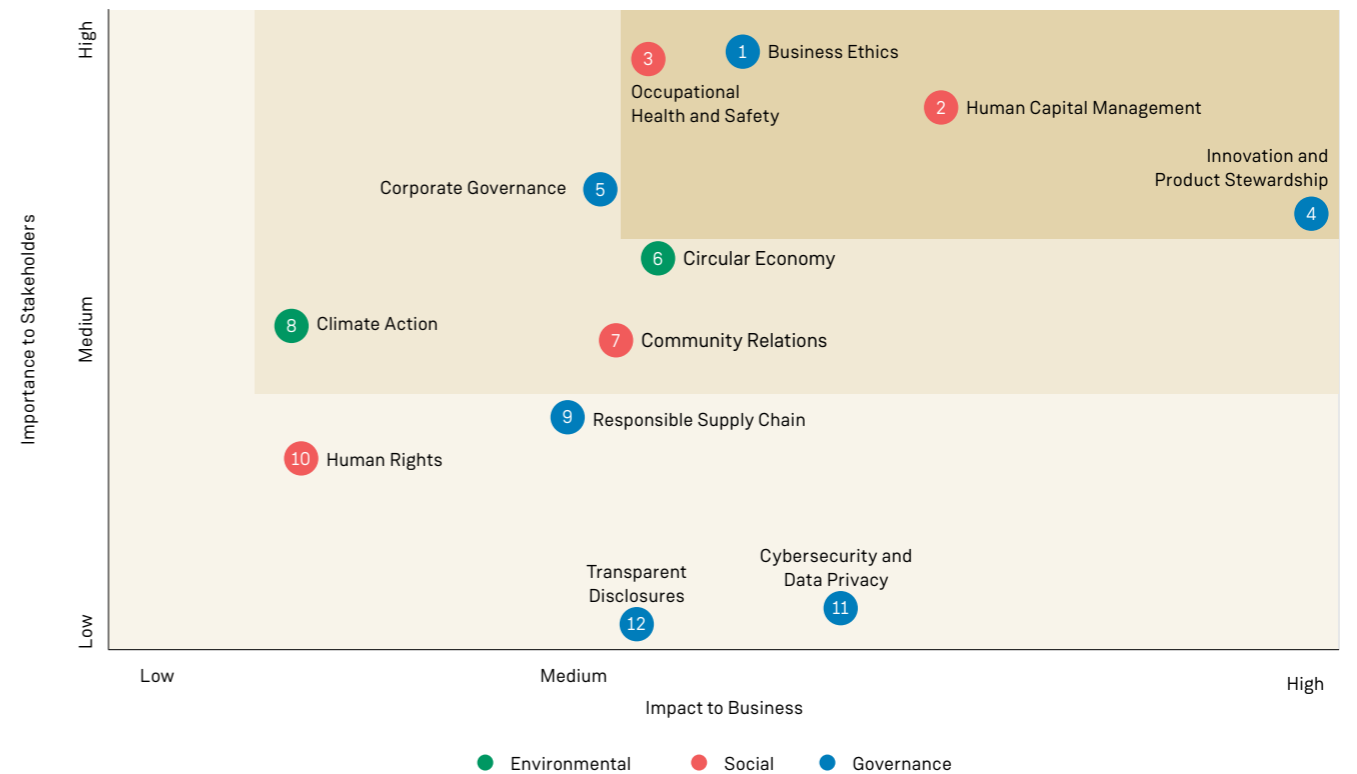
Stakeholder inputs were evaluated through a defined scoring framework that considered both business impact and stakeholder significance. This enabled prioritisation of ESG issues and development of an updated materiality matrix that reflects the evolving external environment as well as internal strategic priorities.



**Material topics**

The exercise resulted in the identification of 12 material topics that are most relevant to our operations and long-term value creation. These topics reflect the increasing convergence of operational excellence, governance strength, environmental responsibility and social impact.

**KPCL's materiality matrix**



**Key insights from the assessment**

The reassessment highlights a clear recalibration of stakeholder expectations, with governance and ethical conduct emerging as the most critical areas of focus. Business Ethics has moved to the top of the materiality ranking, reflecting heightened emphasis on integrity, transparency and responsible business conduct across the value chain. Human Capital Management continues to remain a core strategic priority, reinforcing the importance of capability development, leadership readiness and workforce sustainability in supporting long-term growth. Occupational Health and Safety remain a foundational priority, given the nature of operations and continued focus on workforce protection and operational discipline.

Environmental priorities such as Climate Action and Circular Economy continue to be strongly relevant, with increasing emphasis on energy efficiency, emissions reduction, resource optimisation and sustainable operations. These themes remain central to the transition towards more resilient and efficient manufacturing practices. Governance and risk-related areas, including Corporate Governance, Cybersecurity and Data

Privacy, and Transparent Disclosures, have gained greater prominence, reflecting increasing stakeholder expectations around trust, regulatory compliance, data integrity and transparency in a digital operating environment.

Community Relations and Human Rights continue to reinforce the importance of social licence to operate, responsible management of value chain and drive inclusive growth.

**Integration into business strategy**

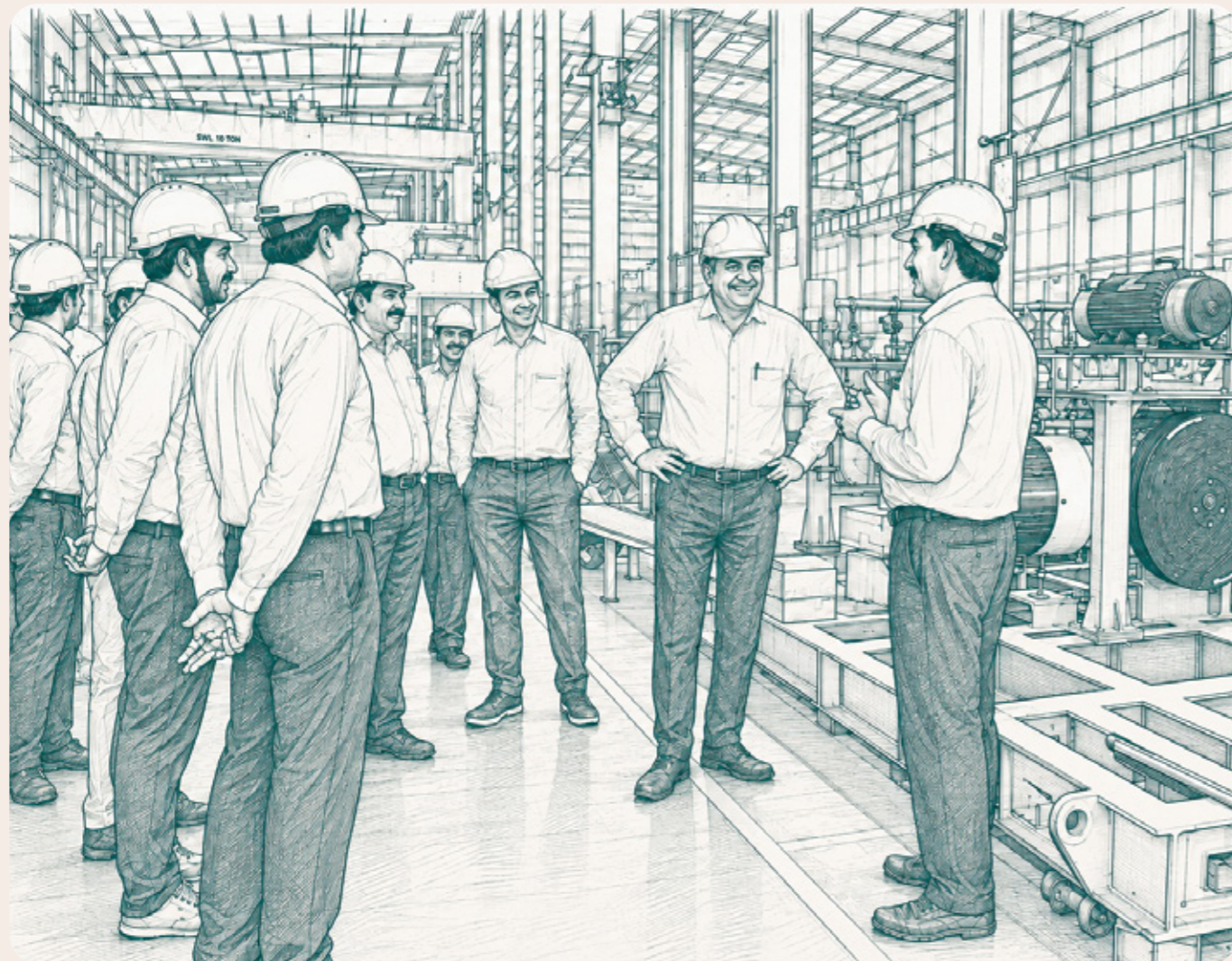
The outcomes of the materiality assessment are embedded into strategic planning, enterprise risk management and sustainability initiatives. The identified material topics guide priority setting across ESG programmes and support the development of measurable indicators across environmental, social and governance dimensions.

This structured approach ensures that sustainability priorities are not treated in isolation but are fully integrated into operational decision-making, enabling long-term value creation, operational resilience and responsible business growth.

Strategic priorities

# Building a future-ready engineering enterprise

At Kirloskar Pneumatic, our strategy is focused on building a stronger and technology-led engineering enterprise. We are also strengthening backward integration to gain better control over quality, improve supply chain resilience and enhance operational efficiency. We are strengthening our manufacturing foundation, accelerating innovation, expanding our equipment portfolio, leveraging precision engineering capabilities and capitalising on emerging opportunities across energy transition and industrial infrastructure.



## STRENGTHENING MANUFACTURING EXCELLENCE

Manufacturing remains at the core of our competitive advantage. Over the years, we have systematically strengthened capabilities across our facilities at Hadapsar, Saswad and Nashik, enabling greater in-house value addition, improved operational control and enhanced execution reliability.

Our focus on backward integration is driven by a clear objective: to increase control over critical manufacturing processes while improving quality, reducing supply chain dependencies and enhancing responsiveness to customer requirements. By bringing more manufacturing activities in-house, we are creating a stronger foundation for innovation, improving cost competitiveness and building greater resilience into our operating model.

The benefits of this approach extend beyond operational efficiency. A stronger manufacturing backbone enables faster product development, supports precision engineering initiatives and improves our ability to execute complex orders with greater consistency. As we continue to deepen localisation and expand internal capabilities, manufacturing excellence remains a key enabler of future growth.



## ACCELERATING INNOVATION AND PRODUCT COMMERCIALISATION

Innovation is crucial in our growth strategy. We are focussed on developing differentiated products that address evolving customer requirements while creating new opportunities across industrial, energy and specialised engineering applications.

During FY 2025-26, we recorded 57 intellectual properties being filed / granted, taking our cumulative portfolio to more than 128 filings, reflecting the depth of innovation embedded across the organisation. This achievement also reinforced our position among India's leading IP-driven industrial organisations and demonstrates our commitment to building long-term technological differentiation.

Our product development efforts progressed across several strategic platforms, including Tezcatlipoca, Khione, Tyche, Hydrino and Zephyros. These products are expected to expand our addressable markets while strengthening our presence in segments where efficiency, reliability and sustainability are increasingly important.

Hydrino, our water-injected screw compressor platform, addresses specialised requirements across industries such as food processing and pharmaceuticals, while Zephyros represents a significant step forward in energy-efficient cooling solutions through the use of environmentally responsible refrigerants and enhanced operating efficiency.

Innovation is not only helping us broaden our product portfolio but also enabling us to create higher-value solutions that strengthen customer relationships and support long-term growth.

**57**

IP filings / granted during FY26

**128+**

Cumulative IP filings / granted



## BUILDING A PRECISION ENGINEERING GROWTH PLATFORM

FY26 marked an important milestone with the establishment of our Precision Engineering division. This initiative is designed to leverage decades of expertise in forgings, castings and precision-machined components while creating opportunities beyond our traditional business segments.

The division enables us to monetise specialised manufacturing capabilities and participate in applications where engineering precision, quality and process excellence are critical requirements.

**By leveraging existing infrastructure and technical expertise, we are creating an additional growth engine that will complement our established businesses.**



## DIVERSIFYING MARKETS AND CAPTURING ENERGY TRANSITION OPPORTUNITIES

We continue to strengthen our presence across a broad range of industries. A diversified market exposure enables us to participate in multiple demand cycles, instead of depending on any single sector.

The Gas Systems business remains an important strategic pillar, providing access to long-term infrastructure opportunities across city gas distribution, compressed natural gas, upstream gas and alternative fuel applications. Through this business, we have established a strong operational presence with more than 1,000 CNG stations under operation and maintenance management.

We also continue to expand our participation in emerging energy transition opportunities, including biogas, hydrogen and coal gasification. These segments are expected to play an increasingly important role in the future energy ecosystem and align closely with our engineering capabilities.

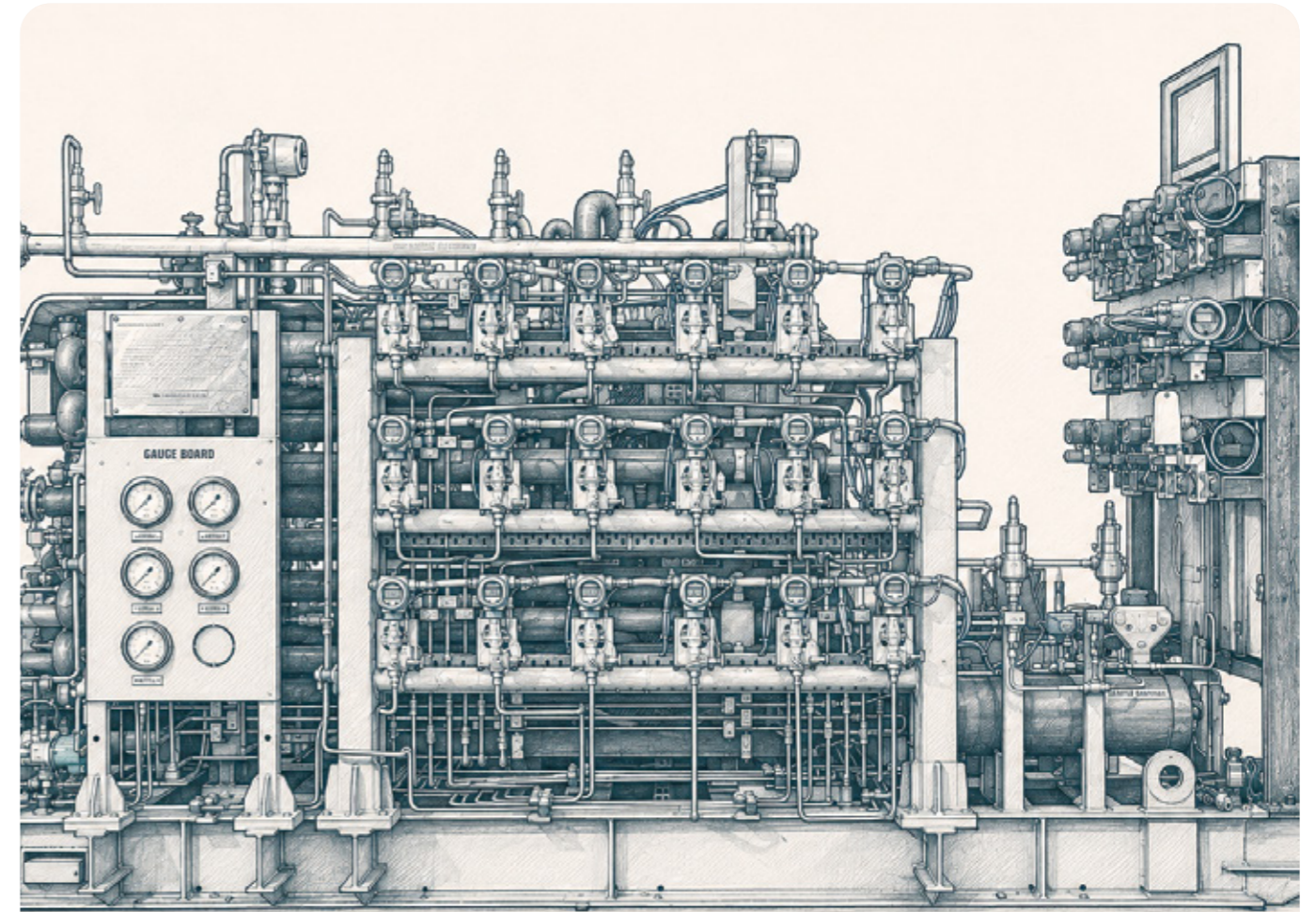
Internationally, we remain focussed on broadening our market reach and strengthening our presence across selected regions. Exports contributed approximately 6% of total sales during the year, with increasing focus on Southeast Asia and Africa alongside our established presence in the Middle East.

Our objective is to create a broader and more diversified market platform that supports sustainable growth while

enabling participation in emerging industrial and energy opportunities.

**1,000+**  
CNG stations under O&M management

**~6%**  
Contribution from exports



## Looking ahead

As we move forward, we will continue strengthening manufacturing integration, accelerating product commercialisation, expanding our equipment portfolio, scaling precision engineering capabilities and increasing participation in energy transition opportunities.

The commercial launch and scaling of products such as Zephyros, continued expansion of equipment-led businesses and the maturation of the Precision Engineering division will remain important focus areas in the near term. At the same time, we will continue investing in technology development, manufacturing excellence and market expansion to strengthen our competitive position.

Our long-term aspiration is to build a more diversified engineering enterprise powered by innovation, supported by manufacturing excellence and differentiated through technology. Through these strategic priorities, we are creating multiple engines of growth that will support sustainable value creation for all stakeholders.

## Risk management

# Navigating uncertainty, strengthening resilience

In an increasingly dynamic and interconnected business environment, risk is an inherent part of growth and transformation. For us, effective risk management is not merely a compliance requirement but a strategic enabler that supports business continuity, operational resilience, and long-term value creation.

### Risk management policy

Our Risk Management Policy provides a structured and proactive approach to identifying, assessing, mitigating, and monitoring risks across all levels of the organisation. The risk management framework establishes clear roles, responsibilities, and governance mechanisms that ensure risks are continuously evaluated and addressed in line with evolving business realities.

### Risk management framework

Our risk management process is designed as a continuous cycle that integrates risk thinking into day-to-day operations and strategic decision-making.

#### Risk management process

- Risk Identification** – Identifying internal and external risks across business functions and environments
- Risk Assessment & Evaluation** – Assessing likelihood, impact, and materiality of identified risks
- Risk Mitigation** – Defining and implementing appropriate risk response measures
- Risk Monitoring & Reporting** – Continuous tracking through structured governance mechanisms
  - Risk Response Options
  - Risk Acceptance
  - Risk Avoidance
  - Risk Mitigation

#### Risk transfer

This framework is supported by a centralised Risk Register, which captures identified risks, existing controls, and mitigation actions, ensuring transparency and accountability across the organisation.

#### Risk governance structure

- Risk management is embedded within a structured governance framework, comprising:
- **Heads of Departments & SRMC (Segment Risk Management Committees)** identify and manage risks at the operational level
  - The **Corporate Risk Management Committee (CRMC)** consolidates, reviews, and updates the Risk Register and escalates significant risks
  - The **Board-level Risk Committee** provides oversight and strategic direction on risk matters

This multi-layered governance structure ensures that risks are addressed at the appropriate level with clear accountability.

## Key risks and mitigation measures

We continuously monitor key risk areas that may impact our operations, financial performance, and long-term sustainability. These risks are categorised based on their nature, assessed for their potential impact and managed through defined mitigation strategies.

### Financial risk

#### Description of risk

Exposure to currency fluctuations and cost volatility impacting profitability

#### Mitigation measures

Currency hedging strategies, disciplined financial planning, cost optimisation initiatives

#### Risk level

Medium

#### Capitals impacted



### Sectoral risk

#### Description of risk

Intensified competition and market volatility leading to pressure on margins and demand

#### Mitigation measures

Diversification across markets, investment in R&D, strengthening brand and customer engagement

#### Risk level

High

#### Capitals impacted



### Market / demand risk

#### Description of risk

Rapid changes in customer preferences leading to reduced demand for existing products

#### Mitigation measures

Continuous market research, product innovation aligned to evolving needs, agile portfolio strategy

#### Risk level

Medium

#### Capitals impacted



### Sustainability risk

#### Description of risk

Environmental and regulatory non-compliance leading to operational and reputational impact

#### Mitigation measures

Adoption of sustainable practices, investment in clean technologies, compliance monitoring systems

#### Risk level

Medium

#### Capitals impacted



### Information & cyber security risk

#### Description of risk

Data breaches, cyberattacks, or system failures impacting data integrity and trust

#### Mitigation measures

Robust cybersecurity systems, regular audits, employee cyber hygiene training

#### Risk level

High

#### Capitals impacted



Financial Capital
 Intellectual Capital
 Natural Capital
 Manufactured Capital
 Human Capital

Social & Relationship Capital

Environment

# Sustainability in action

At KPCL, sustainability is integrated into the way we design, manufacture and deliver solutions. As an engineering-led organisation, we recognise that long-term growth must be supported by responsible resource management, environmental stewardship and continuous operational improvement.

Our sustainability approach focuses on reducing the environmental footprint of our operations, improving resource efficiency and strengthening the natural ecosystems around our facilities. Through investments in energy-efficient processes, water conservation initiatives, circular resource management practices and biodiversity enhancement programmes, we continue to embed sustainability into our business strategy while creating long-term value for stakeholders.

During FY 2025-26, we further strengthened our environmental performance through focussed initiatives across our manufacturing locations, while also assessing and enhancing the ecological value of our campuses. These efforts reinforce our commitment to building a resilient business that is prepared for the opportunities and challenges of a resource-constrained future.

## Sustainable manufacturing

Operational excellence and environmental responsibility go hand-in-hand. We continue to strengthen our manufacturing processes through initiatives aimed at improving energy efficiency, reducing emissions and optimising resource consumption across facilities.

During the year, we implemented multiple energy conservation initiatives, upgraded equipment and enhanced operational controls to improve energy performance. Our continued investments in renewable energy and efficient manufacturing practices contributed to reducing our environmental footprint while supporting productivity improvements.

### Key highlights

**26**

Energy conservation projects implemented

**15%**

Renewable energy contribution to total energy consumption

These initiatives reflect our efforts to decouple operational growth from environmental impact while improving the efficiency and resilience of our manufacturing operations.

**2,397 tonnes CO<sub>2</sub>e**

Reduction in emissions through renewable and other energy conservation initiatives

**4.04 GJ/₹ Mn**

Energy intensity

## Resource stewardship

Responsible management of natural resources remains a key priority across our operations. We continue to adopt measures that enhance resource productivity, reduce waste generation and promote circularity across manufacturing processes.

Our facilities utilise rainwater harvesting systems, wastewater treatment infrastructure and recycling mechanisms that support responsible water management. Simultaneously, our waste management practices focus on segregation, recovery, reuse and environmentally sound disposal through authorised partners.

## Water management

Water remains an important resource across our manufacturing operations. We continue to invest in rainwater harvesting, wastewater treatment and water recycling systems to optimise consumption and reduce dependence on third party sources. Treated water from our facilities is reused for landscaping and industrial applications, supporting our objective of increasing water circularity across operations.

**14,000+ KL**

Water recycled and reused

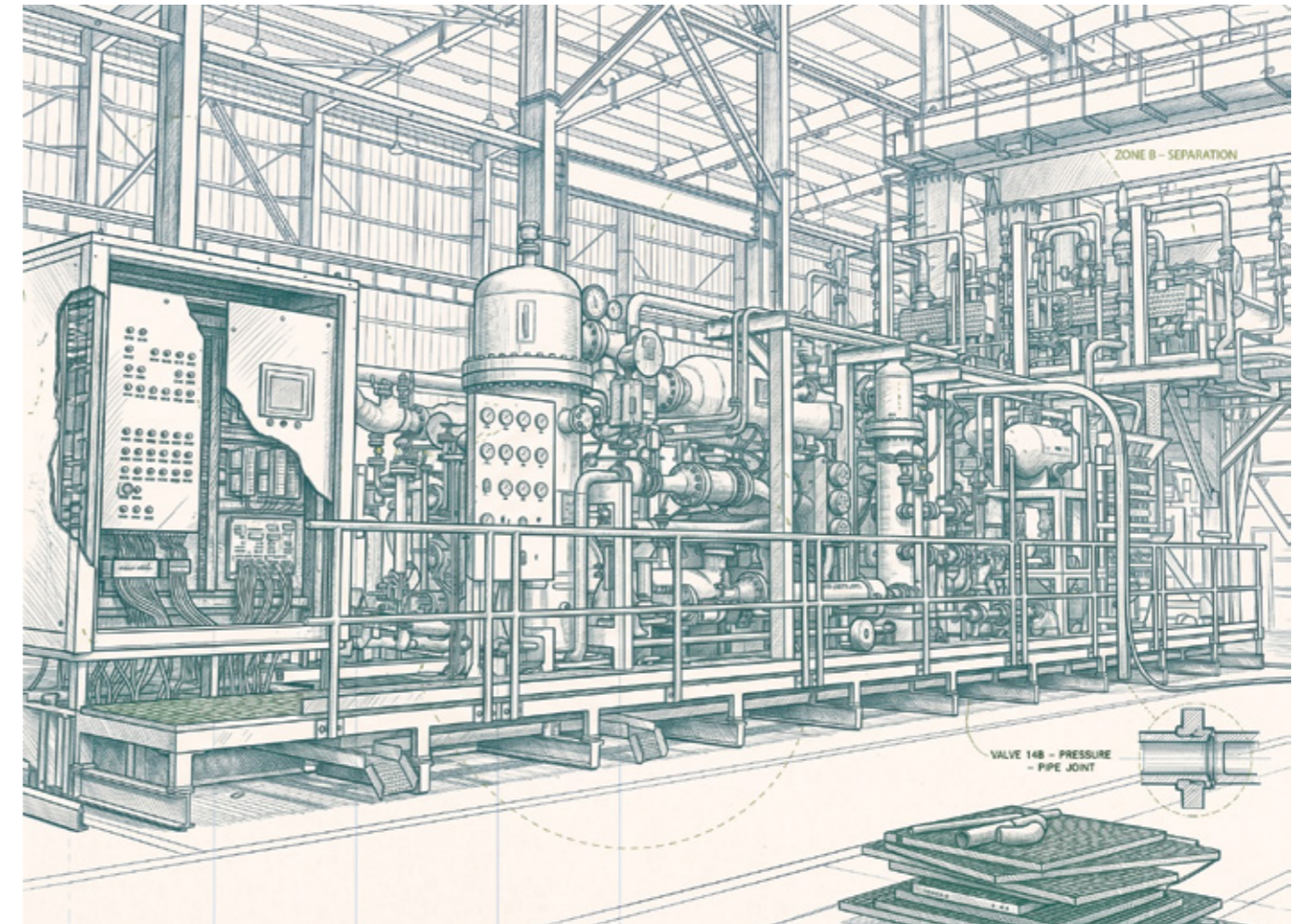
**~2,000 KL**

Reduction in third-party water consumption

**4.29 KL/₹ Mn**

Water intensity

The water generated through our treatment facilities is reused for landscaping and industrial applications, supporting our long-term objective of enhancing water circularity across operations.



## Environment

### Waste management and circularity

Our circularity initiatives focus on maximising the value derived from resources through recovery, reuse and recycling. Across our manufacturing facilities, metal scrap, foundry sand and other recoverable materials are reused wherever feasible, reducing waste generation and improving resource efficiency.

Hazardous waste, e-waste and used oil are managed through authorised recyclers and disposal partners in accordance with applicable regulations and internal management systems. Regular assessments and audits support robust oversight and continuous improvement.

**2,347 MT**

Waste recycled and reused

**144 MT**

Hazardous waste responsibly managed through authorised recyclers

Through these initiatives, we seek to minimise waste generation while improving material efficiency across the value chain.

### Biodiversity management

Beyond operational sustainability, we are equally committed to preserving and enhancing the natural ecosystems around our facilities. Over the years, sustained plantation efforts, habitat enhancement programmes and responsible land management practices have contributed to measurable improvements in biodiversity across our campuses.

An independent biodiversity assessment conducted at our Hadapsar facility indicates a positive ecological trajectory, reflecting the impact of long-term environmental stewardship initiatives.

### Ecological enhancement at Hadapsar

Indicator	Baseline Year	FY 2025-26
Plant and Tree Species	89	112
Bird Species	39	44
Insects and Butterfly Species	7	14
Reptile Species	4	11
Mammal Species	5	5

The increase in species diversity across multiple categories reflects the strengthening of habitat quality and ecological resilience within the campus ecosystem.

### Ecological enhancement at Saswad

Our biodiversity assessments indicate a positive ecological trend across the campus, supported by habitat enhancement, plantation and conservation initiatives.

Category	2019	2023	2026
Plants and Trees	44	50	52
Birds	47	54	54
Insects and Butterflies	7	11	11
Mammals*	5	7	8

\*Based on secondary evidence.

### Enhancing carbon sinks

Our green cover initiatives are also contributing to increased carbon sequestration capacity across locations.

Location	Baseline Year Carbon Storage (tonnes)	FY 2025-26 Carbon Storage (tonnes)
Hadapsar	45.7	50.99
Saswad	108.92	140.5

The assessment highlights the positive contribution of plantation and habitat restoration initiatives towards enhancing natural carbon sinks and strengthening ecosystem services.

Going forward, we will continue to focus on preserving existing green assets, improving tree survival rates and expanding plantation efforts using indigenous species wherever feasible.

### Extending impact beyond operations

Our commitment to sustainability extends beyond factory boundaries. Through environmental awareness programmes, community engagement initiatives and educational interventions, we seek to encourage responsible environmental practices among employees, students and local communities.

Initiatives focussed on water conservation, environmental education, tree plantation and natural resource preservation continue to create awareness and encourage collective action towards sustainability. One of the most visible examples of our commitment to environmental enhancement is the creation and maintenance of a natural green wall spanning 16,000 square feet, which has received national recognition and serves as a living demonstration of urban greening and biodiversity enhancement.

### The road ahead

As we will move forward, our sustainability agenda will continue to focus on three interconnected objectives:

- Improving resource efficiency across manufacturing operations
- Strengthening biodiversity and natural capital around our facilities
- Embedding sustainability considerations into business decisions and growth plans



Employees

# Engineering the future through people

At KPCL, our people are the driving force behind innovation, operational excellence and sustainable growth. As we navigate an evolving industrial landscape shaped by technological advancement, digital transformation and changing workforce expectations, we remain committed to building a workforce that is agile, skilled, diverse and future-ready.

### FY 2025-26 highlights

During FY 2025-26, we continued to strengthen our workforce by aligning our people strategy with business priorities, accelerating capability development, fostering leadership readiness, enhancing employee engagement and advancing digital HR transformation.

**1,980+**

Total employees

**6.4%**

Reduction in freshwater consumption

**>80%**

Critical roles with identified successors



### Golden Peacock HR Excellence Award 2025

In FY 2025-26, we received the Golden Peacock HR Excellence Award 2025 from the Institute of Directors (IOD), India, during the year under review in recognition of our integrated, people-first approach to building a high performance and future ready organisation.

This recognition validates our sustained efforts to build a high-performance, people-centric and the award, conferred after a rigorous multi-stage assessment among 400+ participating organisations, acknowledges our progress in leadership development, employee engagement, capability building, digital HR, inclusion and performance management.

This achievement reflects the collective efforts of our employees and leaders and reinforces our commitment to continuously raising the bar on people practices.



### Our people strategy

Our people strategy is focused on building a capable, agile and future-ready workforce aligned with KPCL's growth ambitions across advanced engineering, digital transformation and emerging market opportunities. Anchored in six strategic pillars, our approach strengthens organisational capability, leadership continuity, employee experience and long-term sustainable growth.

**Workforce Planning and Talent Acquisition**  
Learning and capability building

**Leadership and Succession Development**  
Diversity and inclusion

**Employee Engagement and Well-being**  
Digital HR transformation

### Workforce planning and talent acquisition

We continued to strengthen our workforce strategy by aligning talent priorities with business plans, digital transformation initiatives and long-term growth objectives. During FY 2025-26, our focus remained on building future-ready capabilities across engineering, manufacturing, R&D, sales, service and emerging digital functions.

To support sustainable growth, we strengthened the talent pipeline through structured hiring of graduate engineer trainees (GETs), management trainees (MTs), diploma engineers and shop-floor talent, complemented by onboarding, learning and leadership development programmes. We also continued to advance succession planning and capability-building initiatives to prepare our workforce for evolving business requirements.

### Learning and capability building

Our learning programmes combine technical expertise, leadership development, commercial acumen and digital learning to enable continuous skill enhancement across manufacturing, R&D, sales, service and support functions.

**70%**

On-the-job learning and experiential exposure

**20%**

Coaching, mentoring and developmental feedback

**10%**

Structured learning and formal training programmes



## Employees

### Gurukul: Our in-house technical learning centre

At the heart of our learning ecosystem is Gurukul, our in-house technical learning centre that serves as a platform for strengthening technical depth, operational excellence and future-focused capabilities across the organisation.

#### Gurukul Focus Areas

Technical excellence	Future skills	Multi-skilling
Compressor Technologies	Automation Readiness	Cross-functional Capability Development
Refrigeration Systems	Digital Tools	Operational Versatility
Manufacturing Excellence	Advanced Manufacturing Practices	Productivity Enhancement
Quality Management	Commercial Acumen	Collaborative Working
Safety Practices	Product Application Knowledge	Continuous Improvement



### Specialised learning initiatives

Alongside technical capability development, we continued to strengthen commercial, customer-facing and cross-functional competencies through a range of specialised learning interventions during the year.

Programme	Focus area
Eventus	Strengthening business and functional capabilities
Inspira - Art of Sales	Enhancing customer engagement and sales effectiveness
Sales Mastery	Building market-facing and commercial excellence
Finance for Non-Finance	Strengthening financial and business acumen
Contract Management Programmes	Enhancing commercial and contractual effectiveness
Supplier Capability-Building Initiatives	Strengthening value-chain and supplier capabilities
Cross-functional Collaboration Workshops	Enhancing collaboration and enterprise-wide problem-solving

### Measuring learning effectiveness through Kirkpatrick evaluation framework

We evaluate learning effectiveness through the Kirkpatrick evaluation framework that assesses both capability enhancement and business impact. This enables us to continuously refine learning interventions and ensure that development investments translate into stronger individual performance, organisational capability and sustainable business outcomes.

### Leadership and succession development

Building a strong leadership pipeline remains central to our long-term growth strategy. We continue to strengthen leadership capability across engineering, manufacturing, innovation and market-facing functions through structured development programmes and succession planning initiatives.

To strengthen leadership capability across different career stages, we have established a structured leadership development architecture:

#### Leadership development architecture

Programme	Development focus
ARCHON	Senior Leadership Development
Future Leaders Programme	Mid-level Leadership Pipeline
Passport to Leadership	Emerging Leadership Talent
First-Time Manager Development	New Manager Capability Building

### Succession planning

Through a structured talent review and succession planning framework, we systematically identify successors for critical roles, assess leadership readiness and evaluate succession risks across functions. Regular talent reviews involving the Managing Director and senior leadership team provide visibility into leadership bench strength, development priorities and future organisational requirements to ensure continuity across critical roles.

#### Leadership Mix

# 80:20

80% of critical leadership roles are filled with home grown leaders and identified internal successors

### Performance management

During FY2025-26, we continued to strengthen our performance management framework with a focus on strategic alignment, accountability and continuous development. The integration of the Balanced Scorecard framework enabled stronger alignment between organisational priorities and individual objectives across growth, productivity, quality, customer experience and capability building.

Our framework evaluates both "what" employees achieve and "how" they achieve it, incorporating leadership competencies, collaboration, innovation and alignment with organisational values. Insights from performance reviews support learning interventions, leadership development, internal mobility and succession planning, reinforcing a culture of continuous growth and high performance.

#### Performance management framework

Focus area	Approach
Goal Alignment	Balanced Scorecard (BSC)-based KPIs
Performance Evaluation	Assessment of both outcomes and behaviours
Capability Development	Learning interventions and mentoring
Career Progression	Internal mobility and succession planning
Rewards and Recognition	Performance-linked outcomes

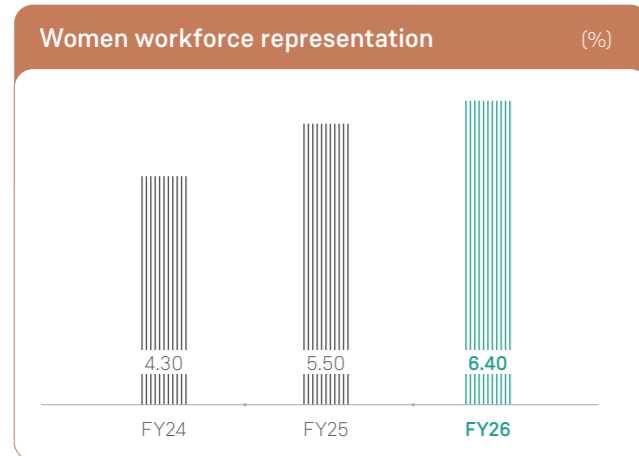
### Diversity and inclusion

We view diversity and inclusion as an important driver of innovation, collaboration and organisational resilience. During FY 2025-26, we continued to strengthen our diversity agenda with a focus on improving representation across technical, engineering and manufacturing functions, while fostering a workplace culture founded on respect, fairness and equal opportunity.

### Expanding representation

A key milestone during the year was the onboarding of women associates and engineers in foundry and production roles at the Nashik Manufacturing Division, marking an important step towards increasing participation in traditionally male-dominated manufacturing environments and strengthening inclusivity on the shop floor.

## Employees



Recruitment initiatives continued to support diversity objectives through focused campus engagement, targeted hiring of women engineers and technical professionals, structured trainee programmes and inclusive onboarding practices.

### Building an inclusive culture

We continued to reinforce an inclusive workplace through programmes focused on:

- Inclusive leadership
- Unconscious bias awareness
- POSH compliance
- Equal opportunity practices
- Code of Conduct standards

We have also strengthened workplace infrastructure, employee engagement platforms and career development opportunities to support retention, career progression and leadership representation of diverse talent.

### Employee engagement and well-being

Creating a positive and engaging employee experience remains central to our people philosophy. During FY 2025-26, we continued to strengthen employee engagement through leadership interactions, feedback mechanisms, recognition platforms and well-being initiatives that foster collaboration and a sense of belonging.

### Leadership connect

Regular interactions through:

- Managing Director addresses
- Monthly Operations Review (MORe) meetings
- Achievers' Functions
- Leadership connect sessions
- HR Dipstick Surveys
- Samanvay - HR@Regions

helped strengthen communication and provide valuable employee feedback.

### Celebrating contributions and performance

Employee recognition continues to play a vital role in reinforcing our culture of excellence, collaboration and continuous improvement. Through structured and spontaneous recognition platforms, we celebrate individual and team achievements, encourage innovation and acknowledge behaviours that reflect our values and performance aspirations.

#### Recognition programmes

Programme	Focus
Kirloskar Icons Awards	Celebrating outstanding contributions
Kaizen Competitions	Encouraging innovation and continuous improvement
Digital Reward & Recognition Platform	Real-time appreciation and recognition
Spontaneous Recognition Awards	Recognising exceptional contributions
Internal Trainer Recognition	Appreciating knowledge-sharing and capability building
Team Achievement Celebrations	Celebrating collective success

During the year, we also conducted a range of initiatives focused on physical wellness, mental well-being, sports, cultural activities, team-building and outbound collaboration programmes. These initiatives strengthened workplace relationships, enhanced morale and fostered a greater sense of belonging across teams and locations.



### Strengthening collaboration across the organisation

We conduct various cross-functional programmes, bringing together teams from manufacturing, operations, quality, finance, HR, sales and support functions to address challenges, share ideas and drive continuous improvement.

#### Project foresight

### Driving innovation through collaboration

One of our flagship collaboration initiatives, Project Foresight, provides a structured platform for employees across functions to contribute ideas related to future products, new markets, operational excellence and business growth opportunities. Selected ideas are developed through mentor-led cross-functional teams, fostering innovation, enterprise-wide ownership and stronger collaboration across the organisation.



### Digital HR transformation

Digitalisation continues to play an increasingly important role in strengthening employee experience, enhancing process efficiency and enabling data-driven people decisions across the organisation. During FY 2025-26, we further advanced our digital HR transformation journey by expanding the use of integrated platforms across talent acquisition, performance management, learning and employee services.

#### Digital HR ecosystem

Area	Digital enablement
Recruitment	Application Tracking System (ATS)
Performance Management	Oracle-based Performance Management and Reward Platform
Learning	Learning Management System (LMS) and LinkedIn Learning
Employee Services	Employee Self-Service Portal
Workforce Analytics	HR Dashboards and Analytics

As we continue to strengthen our digital HR ecosystem, we are also exploring opportunities to leverage AI-enabled solutions to enhance workforce planning, capability forecasting, talent management and overall employee experience, supporting our vision of building a more agile, future-ready and digitally enabled organisation.

### Fostering a responsible and ethical workplace

We remain committed to fostering a workplace built on dignity, respect, fairness and safety. Our approach is anchored in strong ethical governance frameworks, supported by a comprehensive Code of Conduct, POSH compliance mechanisms, structured grievance redressal systems and robust anti-discrimination practices that ensure accountability and trust across all levels of the organisation.

Occupational health and safety continue to be a core priority, supported through ISO 45001-certified systems, safety committees, regular audits, employee welfare initiatives and continuous improvement programmes. These mechanisms collectively strengthen a proactive safety culture focused on prevention, awareness and shared responsibility.

Our commitment to human rights is embedded across all workforce practices, reinforcing equal opportunity, ethical conduct and responsible employment standards. Through these practices, we continue to build a workplace that upholds inclusion, safeguards employee well-being and strengthens long-term organisational integrity.



Communities

# Building stronger communities through purposeful action

At KPCL, we view Corporate Social Responsibility as an extension of our purpose of creating enduring value beyond business. Our approach is guided by the belief that sustainable development is achieved when communities are equipped with opportunities to learn, grow and thrive. Through focused investments in education, skill development, sports, environmental conservation and social infrastructure, we seek to strengthen the foundations of inclusive and resilient communities.

Our CSR initiatives are implemented through the S. L. Kirloskar CSR Foundation and in partnership with credible institutions that possess deep domain expertise and strong implementation capabilities. By supporting initiatives that create long-term social value, we aim to contribute meaningfully to nation-building while addressing evolving community needs.

### CSR governance

Our CSR framework is aligned with the provisions of the Companies Act, 2013 and is overseen by the Board-level CSR Committee. The framework emphasises strategic planning, stakeholder engagement, transparent implementation, periodic monitoring and impact assessment to ensure that every intervention delivers measurable and sustainable outcomes.

### CSR initiatives during FY2025-26

During FY2025-26, we expanded several ongoing programmes to enhance their reach and effectiveness, positively impacting more than 60,000 beneficiaries across communities.

**60,000+**

Beneficiaries reached through our CSR programmes

### Education

#### Bharari Initiative

The Bharari Initiative supports the holistic development of socio-economically disadvantaged adolescents through structured life skills education, professional counselling and teacher sensitisation programmes. By creating a supportive learning environment, the initiative helps students build confidence, emotional resilience, self-awareness and positive behavioural practices.

**900+**

Students benefited across 6 schools

#### KaShi (Kanya Shiksha) Initiative

KaShi is dedicated to supporting the education of daughters of cold-storage workmen. Driven by KPCL employee volunteers and implemented in partnership with State Cold Storage Associations, the initiative helps bridge educational gaps by providing financial and academic support to deserving students.

**45**

Girl students supported across 6 states in North and West India



### Strengthening management education

We continued our support to the Kirloskar Institute of Management (KIM), which contributes to developing future management professionals through industry-oriented education, experiential learning and leadership development programmes.

### Supporting educational inclusion

We also supported educational programmes implemented through the SLK CSR Foundation to promote access to quality learning opportunities for students from underserved communities.

### Health and well-being

#### Relashani Initiative

The Relashani Initiative focuses on strengthening self-awareness, emotional well-being and responsible decision-making among adolescents. Through guided interactions and discussions, the programme encourages healthy relationships, informed choices and responsible citizenship.

**2,800+**

Adolescents reached



### Medical health check-up camps

In partnership with Sahyadri Hospital, KPCL conducted preventive health check-up camps across schools and colleges in Pune, Saswad and Nashik regions. The programme included comprehensive health assessments, personalised reports and post-screening medical counselling.

**1,000+**

Teachers underwent health screening and counselling across 20+ schools and colleges

### Environment

#### Green Vasundhara Foundation Initiative

The Green Vasundhara Foundation Initiative promotes environmental awareness and sustainable living practices among students, teachers and families. Through programmes such as the Green College Smart College (GCSC) initiative, participants are encouraged to adopt environmentally responsible practices while building awareness around sustainable nutrition, millet consumption and plastic reduction.

**55,000+**

Beneficiaries reached



### Other CSR initiatives

- Supported NTTF in delivering technical education and employability programmes for economically disadvantaged students.
- Contributed to OGQ to support athletes and para-athletes through training and performance development initiatives.
- Supported CHMES in strengthening academic infrastructure at Bhonsala Sainik School, Nagpur.
- Supported PIC in advancing policy research, public discourse and leadership development.
- Supported RESQ Charitable Trust in wildlife rescue, rehabilitation and biodiversity conservation efforts.

Governance

# Leading with accountability and long-term vision

At KPCL, governance extends beyond compliance to serve as a foundation for sustainable growth, responsible decision-making and stakeholder trust. Guided by strong ethical values, transparent processes and disciplined oversight, our governance framework supports strategic execution while ensuring accountability across the organisation.

Through active Board engagement, robust risk management practices, policy-driven decision-making and an evolving ESG agenda, we continue to strengthen our institutional capabilities and create long-term value for stakeholders.

### Governance framework

Our governance architecture is built on five interconnected pillars that guide the Company's operations and strategic direction.



Pillar				
<p><b>Board oversight</b></p> <p>Strategic guidance, performance monitoring and long-term value creation</p>	<p><b>Committee governance</b></p> <p>Independent review of audit, risk, nomination, remuneration, CSR and stakeholder matters</p>	<p><b>Ethics &amp; compliance</b></p> <p>Upholding integrity, regulatory compliance and responsible business conduct</p>	<p><b>Risk management</b></p> <p>Identification, assessment and mitigation of strategic, operational and emerging risks</p>	<p><b>ESG &amp; stakeholder stewardship</b></p> <p>Integration of sustainability, environmental responsibility and stakeholder engagement into decision-making</p>

### Strengthening governance through board leadership

The Board provides strategic oversight across business growth, capital allocation, risk management and sustainability priorities. Supported by Board-level committees, it reviews operational performance, compliance matters, investment decisions, succession planning and long-term strategic initiatives.

During FY26, the Board continued to oversee several key strategic decisions, including:

- Leadership transition and succession planning with the appointment of Aman Kirloskar as Managing Director

- Approval of strategic manufacturing investments to enhance value-chain integration and technological capabilities
- Oversight of capital allocation priorities supporting capacity expansion, innovation and operational excellence
- Recommendation of the highest dividend payout in the Company's history
- Approval of a stock split proposal aimed at improving market accessibility and shareholder participation

These decisions reflect the Company's commitment to balancing growth investments with prudent governance and shareholder value creation.

### Policies and procedures for accountability and responsible business conduct

Governance at KPCL is supported by a comprehensive framework of policies that promote accountability, transparency and responsible business conduct.

#### Ethics and conduct

- Code of Conduct
- Whistle-Blower Policy
- Anti-Bribery and Anti-Corruption Framework
- Prevention of Sexual Harassment (PoSH) Policy
- Human Rights Policy

#### Risk and compliance management

- Enterprise Risk Management Policy
- Business Continuity Policy
- Related Party Transactions Policy
- Insider Trading Prevention Code and Fair Disclosure Policy

#### Board and leadership governance

- Nomination and Remuneration Policy
- Board Diversity Framework
- Performance Evaluation Framework

#### Financial and shareholder governance

- Dividend Distribution Policy
- Materiality and Disclosure Framework
- Stakeholder Relationship and Grievance Redressal Policy

#### ESG governance

- ESG Policy
- Environmental and Sustainability Frameworks
- CSR Policy

Together, these policies establish clear accountability mechanisms and support responsible decision-making across the organisation.

### Enterprise risk management

KPCL follows a structured risk management framework that enables proactive identification, evaluation and mitigation of risks across operations, markets, technology, supply chains and regulatory environments.

Periodic risk assessments are undertaken under Board supervision to strengthen organisational resilience and support informed decision-making. Particular focus during FY26 remained on:

- Supply-chain resilience and localisation
- Technology and innovation risks
- Cybersecurity and digitalisation initiatives

- Regulatory and compliance requirements
- Environmental and climate-related considerations
- Talent development and succession planning

This approach enables the Company to respond effectively to evolving business conditions while safeguarding stakeholder interests.

### ESG governance and responsible growth

Sustainability considerations are increasingly embedded into strategic and operational decision-making. Board and management oversight ensure that environmental, social and governance priorities remain aligned with business objectives.

During FY26, governance oversight supported initiatives focused on:

- Energy-efficient and environmentally responsible product development
- Waste reduction and circularity in manufacturing
- Resource conservation and water stewardship
- Workplace safety and employee well-being
- Diversity, inclusion and talent development
- Community development through CSR programmes

The Company's commitment to responsible business practices is further reinforced through regular ESG performance reviews and stakeholder engagement mechanisms.

### Transparency, ethics and stakeholder trust

Transparency remains central to KPCL's governance philosophy. The Company maintains timely disclosures, structured investor communication and established grievance-redressal mechanisms to ensure meaningful stakeholder engagement.

A robust whistle-blower mechanism, supported by confidentiality safeguards and independent oversight, encourages reporting of concerns and reinforces an ethical culture across the organisation. Regular internal audits, compliance reviews and control assessments further strengthen governance effectiveness.

### Building institutional strength for the future

FY26 marked an important year in strengthening KPCL's governance foundations through leadership continuity, disciplined capital allocation, enhanced stakeholder engagement and deeper integration of ESG considerations into business decision-making.

As the Company advances its journey from engineering excellence to innovation-led leadership, governance will continue to play a critical role in ensuring sustainable growth, operational resilience and long-term value creation for all stakeholders.

## Notice of 51<sup>st</sup> Annual General Meeting

Notice is hereby given that the 51<sup>st</sup> Annual General Meeting ("AGM") of the Members of Kirloskar Pneumatic Company Ltd. ("the Company") will be held on Tuesday, the 21<sup>st</sup> day of July, 2026 at 3:00 p.m. (IST) through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") facility, in compliance of provisions of the Companies Act, 2013 ("the Act") and rules thereof read with the General Circular No. 14/2020 dated April 8, 2020; the General Circular No. 17/2020 dated April 13, 2020; the General Circular No. 20/2020 dated May 5, 2020 and the General Circular No. 03/2025 dated September 22, 2025 issued by the Ministry of Corporate Affairs (hereinafter referred as "MCA Circulars") read with SEBI Master Circular No. HO/49/14/14(7)2025-CFD-POD2/1/3762/2026 dated January 30, 2026 read with other applicable Circulars and Notifications issued in this regard [including any statutory modification(s) or re-enactment thereof for the time being in force and as amended from time to time] (hereinafter referred as "SEBI Circular") to transact the businesses as mentioned below:

### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended March 31, 2026 together with the Report of the Auditors' and Board of Directors thereon.
- To declare dividend on Equity Shares at 425% i.e. ₹ 8.50 (Rupees Eight and Fifty Paise only) per Equity Share of ₹ 2/- each for the financial year ended on March 31, 2026 and confirm Interim Dividend of 175% i.e. ₹ 3.50 (Rupees Three and Fifty Paise only) already paid during the financial year.
- To appoint a Director in place of Mr. Rahul C. Kirloskar (DIN: 00007319), who retires by rotation and being eligible, offers himself for re-appointment.
- To re-appoint Statutory Auditors and to fix their remuneration and in this regard pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**  
"RESOLVED that pursuant to the provisions of the Section 139, 142 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Kirtane & Pandit LLP (Firm Registration No. 105215W/W100057) Chartered Accountants be and are re-appointed as Statutory Auditors of the Company for second term of 5 (Five) consecutive years to hold office from the conclusion of this 51<sup>st</sup> Annual General Meeting till the conclusion of 56<sup>th</sup> Annual General Meeting.

RESOLVED FURTHER that the Board be and is hereby authorised to decide the remuneration from to time in consultation with the Auditors plus goods and service tax as applicable, and reimbursement of travelling and out of pocket expenses incurred."

### SPECIAL BUSINESS:

#### 5. Ratification of Remuneration of the Cost Auditor.

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 to conduct the audit of the cost records maintained by the Company for the financial year ending on March 31, 2027 be and is hereby ratified and confirmed."

#### 6. Appointment of an Independent Director.

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

"RESOLVED that pursuant to provisions of Sections 149, 150, 152, 160, 161 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'); the Companies (Appointment and Qualification of Directors) Rules, 2014; the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI LODR Regulations') and other applicable rules and regulations [including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force] and the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors; Mr. Ranganath Nuggehalli Krishna (DIN: 00004044), who was co-opted by the Board of Directors as an Additional Director in the category of Independent Director with effect from April 28, 2026 and who meets the criteria for independence under section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)(b) of the SEBI LODR Regulations and in

respect of whom the Company has received a notice in writing from the member under Section 160(1) of the Act, be and is hereby appointed as an Independent Director of the Company for a period from April 28, 2026 to March 12, 2031 and that he shall not be liable to retire by rotation.

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

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

#### 7. Appointment of Whole-Time Director.

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

"RESOLVED that pursuant to provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 ('the Act') and rules, circulars, notifications and orders issued thereunder (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force), pursuant to recommendation of the Nomination and Remuneration Committee, and subject to such other approval as may be necessary, consent of the Members be and is hereby accorded to the re-appointment of Mr. Rahul C. Kirloskar (DIN: 00007319), Executive Chairman as the Whole-Time Director to be designated as 'Executive Chairman' of the Company for a further period of 5 (Five) years with effect from January 23, 2027 on the terms and conditions and remuneration as contained in the draft agreement, material terms of which are set out in the explanatory statement attached to this notice and the Board of Directors or any Committee thereof be and is hereby authorised to alter and vary the said terms of appointment and remuneration but so as not to exceed the limits specified in Section 197 and Schedule V of the Act or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Rahul C. Kirloskar.

RESOLVED FURTHER that the Board also reserves the right to modify/re-arrange the above remuneration as and when required in view of the new labour codes notified by the Government of India and the Rules issued thereunder from time to time; however, the same shall not exceed the overall limits prescribed under the Act."

#### 8. Payment of Remuneration to Promoter Directors.

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

"RESOLVED that pursuant to the provisions of Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') and other applicable provisions, if any, and as per the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors, the consent of the Members of the Company be and are hereby accorded for the payment of remuneration, which is/may be in excess of threshold limits, as prescribed under SEBI LODR Regulations, to Executive Directors who are Promoters or Members of the Promoter Group namely:

- Mr. Aman Kirloskar, Managing Director and part of Promoter Group for a term of 5 (Five) years with effect from April 1, 2026 as per the terms and conditions approved by the Members by way of postal ballot on March 22, 2026; and
- Mr. Rahul C. Kirloskar, Executive Chairman and Promoter for a further period of 5 (Five) years with effect from January 23, 2027 as per the terms and conditions are being approved by the Members in this 51<sup>st</sup> Annual General Meeting until the expiry of their respective terms.

RESOLVED FURTHER that the extent and scope of salary and perquisites of Mr. Aman Kirloskar, Managing Director and Mr. Rahul C. Kirloskar, Executive Chairman be altered, enhanced, widened or varied by the Board of Directors (which term shall be deemed to include any Committee thereof) in accordance with the provisions of Companies Act, 2013 and/or SEBI LODR Regulations and other applicable provisions and the Board be is hereby authorised 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."

#### 9. Sub-Division of Equity Shares from the Face Value of ₹ 2/- (Rupees Two) per share to ₹ 1/- (Rupee One) per share.

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 61(1) (d) read with Section 64 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be necessary from the concerned authorities or bodies, the consent of the Members of the Company be and is hereby

accorded for sub-dividing each of the Equity Share of the Company having a face value of ₹ 2/- (Rupees Two) each into 2 (Two) Equity Shares of the face value of ₹ 1/- (Rupee One) each.

RESOLVED FURTHER that pursuant to the sub-division of the Equity Shares of the Company, the authorised, issued, subscribed and paid-up equity share capital of nominal value of ₹ 2/- (Rupees Two) each shall stand sub-divided into 2 (Two) Equity Shares of the face value of ₹ 1/- (Rupee One) each from the record date and shall ranking pari-passu with each other in all respects with effect from such date as may be fixed for this purpose ("Record Date") by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any committee constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution).

RESOLVED FURTHER that pursuant to the sub-division of Equity Shares as aforesaid and with effect from the Record Date:

- a) the Equity Shares held in physical form, the existing share certificate(s) in relation to the existing equity shares of face value of ₹ 2/- (Rupees Two Only) each, fully paid up, shall be deemed to have been cancelled and be of no effect and that the Board/Company's Registrar and Share Transfer Agents ("RTA"), without requiring the Members to surrender their existing share certificate(s), shall credit the said shares to Demat Suspense Account till the further credit of shares to the respective beneficiary demat account(s) of the Members held with their Depository Participant(s) pursuant to provisions of the Act and rules issued thereunder from time to time and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various notifications and circulars issued thereunder from time to time; and
- b) the Equity Shares held in dematerialized form, the sub-divided Equity Shares shall be credited proportionately into the respective beneficiary demat account(s) of the Members held with their Depository Participant(s), in lieu of the existing credits present in their respective beneficiary demat account(s).

RESOLVED FURTHER that the Board be and is hereby authorised to make appropriate adjustments due to sub-division of shares, to the stock options granted under the Company's Employees' Stock Option Scheme - 2019, pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021, as amended from time to time, such that the exercise price for all outstanding stock options (vested but not exercised, and unvested stock options), the number thereof and the number of stock options available for future grant(s) as on the Record Date shall be proportionately adjusted.

RESOLVED FURTHER that the Board of Directors of the Company (which expression shall also include a committee thereof) be and is hereby authorised to fix the Record Date and to take all the necessary steps as may be necessary in relation to the above and to delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to the Managing Director or any Director(s) or any other Key Managerial Personnel or any other officer(s) of the Company in order to give effect to the aforesaid Resolution(s) including but not limited to fixing Record Date, implementation of the proposal of sub-division of Equity Shares of the Company, as it may be required, in relation thereto.

RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board of Directors of the Company (which expression shall also include a committee thereof) and/or the Managing Director and/or any other Key Managerial Personnel be and are hereby severally authorised to accept and make any alteration(s), modification(s) to the terms and conditions as they may deem necessary, concerning any aspect of the sub-division of Equity Shares, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any question, difficulty or doubt that may arise in this regard and generally, to do all acts, deeds, matters and things as they may, in their absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters in relation/ consequential to the sub-division of Equity Shares including execution and filing of all the relevant applications, writings, deeds and documents with the Stock Exchange, Depositories and other appropriate authorities, in due compliance of the applicable rules and regulations, without seeking any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

10. **Alteration of the Capital Clause in the Memorandum of Association.**

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 Sections 13, 61, 64 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Clause V of the Memorandum of Association of the Company be and is hereby amended and substituted by the following Clause V:

*"The Authorized Share Capital of the Company is ₹ 37,50,00,000 (Rupees Thirty Seven Crores Fifty Lakhs only) divided into 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) equity shares of ₹ 1/- (Rupee One) each."*

RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle

**Registered Office:**

Hadapsar Industrial Estate, Pune - 411 013

CIN: L29120PN1974PLC110307

E-mail: [sec@kirloskar.com](mailto:sec@kirloskar.com)

Website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

**By Order of the Board of Directors**

Sd/-  
**Jitendra R. Shah**  
Company Secretary

Place: Pune  
Date: April 27, 2026

**NOTES:**

1. Pursuant to the provisions of the Companies Act, 2013 ('the Act') read with MCA Circulars and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular, the Notice of the 51<sup>st</sup> AGM along with the Explanatory Statement pursuant to Section 102 of the Act, relating to Special Business and instructions for e-Voting are being sent only through electronic mode to those members whose E-mail addresses are registered with the Company/MUFG Intime India Private Ltd. ('MUFG'/RTA)/Depository Participant(s). Those Members who have already registered their E-mail addresses are requested to keep their E-mail addresses validated with their Depository Participant(s)/RTA/Company to enable serving of notices/documents/Annual Reports electronically to their E-mail address. For Members who have not received the notice due to change/non-registration of their E-mail address with the Company/RTA/Depository Participant(s), they may request latest by Tuesday, July 14, 2026 by following the procedure as given below:
  - A) Registration of E-mail ID for Shareholders holding physical shares:**
    - i. Click on the URL: [https://web.in.mpms.mufg.com/EmailReg/Email\\_Register.html](https://web.in.mpms.mufg.com/EmailReg/Email_Register.html)
    - ii. Select the Name of the Company from drop down: Kirloskar Pneumatic Company Limited.
    - iii. Enter Folio number (if shares held in physical form) and Permanent Account Number ('PAN').  
In the event PAN details are not registered for physical folio, Member to enter one of the Share Certificate numbers.
    - iv. Enter Mobile number and E-mail ID.
    - v. System generated One Time Password ('OTP') to be sent on mobile number and E-mail ID.
    - vi. Enter OTP received on mobile number and E-mail ID.
    - vii. Click on Submit button.
    - viii. On completing the above process, your request will be accepted and request ID will be generated. E-mail registered is for limited purpose of sending notice pertaining to the current event.
  - B)** Members may note that the Annual Report 2025-26 including the Notice will also be available on the Company's website [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com), websites of the Stock Exchanges i.e. BSE Ltd. and National Stock Exchange of India Ltd. at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
2. Pursuant to the MCA Circulars and SEBI Circular the Companies are allowed to hold AGM through VC, without the

physical presence of members at a common venue. Hence, in compliance with the above mentioned Circulars, the AGM of the Company is being held through VC/OAVM. The deemed venue for the AGM shall be the Corporate Office of the Company.

3. Since the AGM is being held through VC/OAVM, in accordance with the Circulars, the facility for appointment of proxies by the Members will not be available; hence, Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
4. All documents referred to in the Notice and the Explanatory Statement requiring the approval of the Members at the Meeting will be made available for inspection. A Member is requested to send an E-mail to [sec@kirloskar.com](mailto:sec@kirloskar.com) for the same.
5. Electronic copies of necessary statutory registers, certificate(s), agreement(s) and other documents, if any, will be available for inspection by the Members during the AGM.
6. **Members' Queries:**  
A Member, who wish to receive information regarding Audited Financial Statements or matters to be placed at the AGM, shall send a request by providing full name, DP ID and Client ID/Folio Number and contact number from the registered E-mail ID to [sec@kirloskar.com](mailto:sec@kirloskar.com) at least 7 (Seven) days in advance so as to enable the management to keep the information ready.
7. **Speaker Registration for the AGM:**  
A Member, who wish to ask questions or express views at the AGM, shall register with the Company as a 'Speaker' by sending a request by providing full name, DP ID and Client ID/Folio Number and contact number from the registered E-mail ID to [sec@kirloskar.com](mailto:sec@kirloskar.com) at least 5 (Five) days in advance before the meeting i.e. on or before Thursday, July 16, 2026.  
For smooth conduct of proceedings of the AGM, Members may note that the Company reserves the right to restrict number of questions and speakers during the AGM depending upon availability of time.
8. **Final Dividend 2025-26:**  
The Record Date fixed for determining entitlement of Members to final dividend for the financial year ended March 31, 2026, if approved at the AGM, is Friday, July 3, 2026. The dividend, if declared, at the AGM will be paid, subject to tax deducted at source, to Members:
  - To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Ltd. and the Central Depository Services (India) Ltd. as of the close of business hours on July 3, 2026; and
  - To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as of the close of business hours on July 3, 2026.

SEBI vide its Master Circular No. HO/38/13/(4)2026-MIRSD-POD/I/4298/2026 dated February 6, 2026 has mandated that with effect from April 1, 2024, dividend to security holders (holding securities in physical form), shall be paid only through electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination, contact details (postal address with PIN and mobile number), bank account details and specimen signature.

9. **TDS on Dividend:**

In accordance with the provisions of the Income Tax Act, 2025 ('the Income Tax Act') as amended from time to time, dividend declared and paid by a Company is taxable in the hands of shareholders and the Company is required to deduct tax at source ('TDS') from dividend paid to the shareholders at the applicable rates. We shall therefore be required to deduct tax at source at the time of making the payment of the said dividend.

Tax rate applicable to a shareholder depends upon residential status and classification as per the provisions of the Income Tax Act. All shareholders are thereby requested to update any change in residential status and/or category with Depository Participants (in case of shares held in electronic form) or with the RTA, i.e. MUFG Intime India Private Ltd. (in case of shares held in physical form), as may be applicable, on the record date i.e. July 3, 2026. 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 393(1) [Table Sr. No. 7] read with section 393(1) [Table Sr. No. 10] of the Income Tax Act at the rate of 10% 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 2026-27 does not exceed ₹ 10,000/-.

TDS will not be deducted in cases where a shareholder provides Form 121 (applicable only to Resident Individual shareholder), along with copy of self-attested Permanent Account Number (PAN), provided that eligibility conditions are being met. Form 121 can be uploaded at link provided by the RTA: <https://web.in.mpms.mufg.com/formsreg/submission-of-Form-121-41.html>

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

Needless to mention, PAN will be mandatorily required. If your PAN details are available in your demat account for shares held in demat form or with the RTA for shares held in physical form, then there is no need to send PAN details again to the Company.

If PAN is not available or invalid PAN or inoperative PAN, TDS would be deducted at the higher rate of 20% or rates in force as per Section 397 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 11 read with Schedule VII serial no. 20 of the Income Tax Act and is covered under Section 393(5) 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 11 read with Schedule V serial no. 1 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 11 read with Schedule VII serial no. 41 covered under Section 393(9) 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 393(5) 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 shareholders having Order under Section 395 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 393(2) [Table Sr. No. 17] 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% (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% (plus applicable surcharge and cess) under Section 393(2) [Table Sr. No. 15] of the Income Tax Act.

However, as per Section 159 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 2026-27.
- Copy of the online Form 41 electronically verified and filed on the Income Tax web portal for the financial year/ tax year 2026-27.
- 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 Principal Purpose Test', if applicable to the respective Tax Treaty);
  - (c) No Permanent Establishment/fixed base in India during the Financial Year 2026-27 in accordance with the applicable tax treaty; and
  - (d) The shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company.

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

In case of Non-Resident Shareholder having Order under Section 395 of the Income Tax Act, TDS will be deducted at the rate mentioned in the Order; provided the shareholder submits copy of the order obtained from the Income Tax Authorities.

Where any entity is entitled for exemption from TDS, TDS will not be deducted provided such shareholder/entity provides valid self-attested documentary evidence (e.g. relevant copy of Registration, Notification, Order, etc. issued by the Indian Tax Authorities).

**For All Shareholders:**

As per Section 262 of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at higher rates as prescribed under the Income Tax Act.

The Company will rely on the reports downloaded from the reporting portal of the Income Tax Department for checking validity of PAN(s)/inoperative PAN(s).

**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](http://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 121, TRC, Form 41, 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.

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 203 of the Income Tax Rules, 2026. 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 July 5, 2026, the Company reserves the right to reject such declaration.

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

To enable us to determine the appropriate TDS/withholding tax rate applicable, Shareholder should upload necessary documents at <https://web.in.mpms.mufg.com/formsreg/submissionof-Form-121-41.html> on or before Sunday, July 5, 2026.

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 Sunday, July 5, 2026.

11. In terms of the provisions of Section 124 of the Act, the amount of dividend not encashed or claimed within 7 (Seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Government. Accordingly, 1 (One) unclaimed dividend account in respect of financial year 2018-19 is due for transfer to the said Fund.

12. Members who have neither received nor encashed their dividend warrant(s) for the financial years 2019-20 to 2025-26, are requested to write to MUFG or the Company, mentioning the relevant Folio number or DP ID and Client ID along with KYC details including bank account details and original cancelled cheque for getting the credit of unpaid dividend amount, before the amount becomes due for transfer to IEPF.

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

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

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

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

III. The Members can join the AGM in the VC/OAVM mode 15 minutes prior 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, Chairperson(s) of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors, Scrutinizer etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

- IV. The attendance of Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- V. Pursuant to the provisions of Section 108 of the Act, 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 Ltd. (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL.
- VI. In line with the aforesaid MCA Circulars read with SEBI Circular, the Notice calling the AGM has been uploaded on the website of the Company at [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com). The Notice can also be accessed from the website of the Stock Exchange(s) i.e. BSE Ltd. at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Ltd. (NSE) at [www.nseindia.com](http://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](http://www.evoting.nsdl.com)
- VII. AGM has been convened through VC/OAVM in compliance with the Act and the rules thereof read with aforesaid MCA Circulars and SEBI Circular.

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

The remote e-Voting period commences on Saturday, July 18, 2026 at 09:00 A.M. (IST) and ends on Monday, July 20, 2026 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 cut-off date i.e. Tuesday, July 14, 2026, may cast their vote electronically. The voting right of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, July 14, 2026.

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 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 advised to update their mobile number and E-mail 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"> <li>1. OTP based login you can click on <a href="https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp">https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp</a>. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email ID/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. Existing IDeAS user can visit the e-Services website of NSDL viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> 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 redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>3. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select 'Register Online for IDeAS Portal' or click at: <a href="https://eservices.nsdl.com/SecureWeb/ideasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/ideasDirectReg.jsp</a></li> <li>4. Visit the e-Voting website of NSDL. Open web browser by typing the URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your 16 digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

Type of Shareholders	Login Method
	<ol style="list-style-type: none"> <li>5. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience</li> </ol> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>
Individual Shareholders holding securities in demat mode with CDSL.	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi/Easiest facility can login through their existing User ID and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL Website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login Icon and New System Myeasi Tab and then use your existing my easi Username &amp; Password.</li> <li>2. After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by the 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 &amp; 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.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; E-mail 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.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants.	<p>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.</p> <p>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 &amp; voting during the meeting.</p>

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

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

Login Type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL.	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no: 1800-210-9911.

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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a Mobile.
2. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a. For Members who hold shares in demat account with NSDL.	8 Digit DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****
b. For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your User ID is 12*****
c. For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if Folio Number is A01*** and EVEN is 139902 then User ID is 139902A01***

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

- |   |   |
|---|---|
| <p>a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.</p> <p>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.</p> <p>c) How to retrieve your 'initial password'?</p> <p>i. If your E-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your E-mail ID. Trace the E-mail 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'.</p> <p>ii. If your E-mail ID is not registered, please follow steps mentioned below in process for those shareholders whose E-mail IDs are not registered.</p> | <p>account with NSDL or CDSL) option available on <a href="http://www.evoting.nsd.com">www.evoting.nsd.com</a></p> <p>b) 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on <a href="http://www.evoting.nsd.com">www.evoting.nsd.com</a></p> <p>c) If you are still unable to get the password by aforesaid two options, you can send a request at <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> mentioning your demat account number/ folio number, your PAN, your name and your registered address etc.</p> <p>d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.</p> |
|---|---|
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?
- 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.
  - 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'.
  - Now you are ready for e-Voting as the Voting page opens.

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

- 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.
- Upon confirmation, the message 'Vote cast successfully' will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for Shareholders**

- Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to [cs@svdandassociates.com](mailto:cs@svdandassociates.com) with a copy marked to [evoting@nsdl.com](mailto: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.
  - 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.nsd.com](http://www.evoting.nsd.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.nsd.com](http://www.evoting.nsd.com) or call on: 022 - 4886 7000 or send a request to Mr. Amit Vishal/Mr. Abhijeet Gunjal at [evoting@nsdl.com](mailto:evoting@nsdl.com)
- Process for those shareholders whose E-mail IDs are not registered with the depositories for procuring User ID and Password and registration of E-mail 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](mailto: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](mailto: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](mailto: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 E-mail 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.
- 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.

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

- Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for access to NSDL e-Voting system. After successful login, you can see link of 'VC/OAVM' placed under 'Join

meeting' menu against Company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, E-mail ID, mobile number at [sec@kirloskar.com](mailto:sec@kirloskar.com) at least 5 (Five) days before the 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 E-mail and holding shares as of the cut-off date i.e. Tuesday, July 14, 2026, may obtain the login ID and Password by sending a request at [evoting@nsdl.com](mailto: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](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990. In case of Individual Shareholder holding securities in demat mode who acquire shares of the

Company and become a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Tuesday, July 14, 2026 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](http://www.kirloskarpneumatic.com) and on the website of NSDL [www.evoting.nsdl.com](http://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 Ltd. (BSE) and National Stock Exchange of India Ltd. (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 i.e. Tuesday, July 14, 2026.
- 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 (CP No. 2664) or failing him Mrs. Meenakshi Deshmukh (CP No. 7893), Practicing Company Secretaries, Pune (has been appointed as the Scrutinizer) to scrutinize the e-Voting process in a fair and transparent manner.
  10. With a view to using natural resources responsibly, we request Shareholders to update their E-mail address with their Depository Participants to enable the Company to send communications electronically.

11. Re-appointment of Director, who is liable to retire by rotation, at the Annual General Meeting:

Mr. Rahul C. Kirloskar (DIN: 00007319) aged 62 years, is liable to retire by rotation and being eligible, offers himself for re-appointment. The information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Explanatory Statement to the item No. 7 of this Notice.

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

**Registered Office:**

Hadapsar Industrial Estate, Pune - 411 013  
CIN: L29120PN1974PLC110307  
E-mail: [sec@kirloskar.com](mailto:sec@kirloskar.com)  
Website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

**By Order of the Board of Directors**

Sd/-  
**Jitendra R. Shah**  
Company Secretary

Place: Pune  
Date: April 27, 2026

## Annexure to the Notice

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

#### ITEM NO. 4 OF THE NOTICE

The Members of the Company in their meeting held on July 20, 2021 had appointed Kirtane & Pandit LLP (Firm Registration No. 105215W/W100057), Chartered Accountants ('K&P') as the Statutory Auditors for a period of 5 (Five) years from the conclusion of 46<sup>th</sup> Annual General Meeting ('AGM') till the conclusion of the 51<sup>st</sup> AGM. Accordingly, the present term of K&P will complete at the conclusion of this 51<sup>st</sup> AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014 and K&P are eligible for re-appointment as Auditors of the Company for a further period. The present remuneration of K&P for conducting the audit for the financial year 2025-26 is ₹ 3 Million (Rupees Three Million only) plus GST as applicable and reimbursement of travelling and out of pocket expenses incurred.

Therefore, the Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the re-appointment of K&P (Firm Registration No. 105215W/W100057), Chartered Accountants as the Statutory Auditors of the Company for a second term of 5 (Five) consecutive years from the conclusion of the 51<sup>st</sup> AGM till the conclusion of the 56<sup>th</sup> AGM of the Company. On the recommendation of the Committee, the Board also proposed, the remuneration of ₹ 3 Million (Rupees Three Million only) plus GST as applicable and reimbursement of travelling and out of pocket expenses incurred for the financial year 2026-27 as set out in the Resolution relating to their appointment. Further, the Board is authorised to fix the remuneration for the remaining period from time to time. There is no material change in fees payable to the Statutory Auditor.

K&P, established in the year 1956 has strong team of 36 partners, total staff strength of more than 1,100 professionals and 600+ clients over various industry sectors. The Committee considered various parameters like capability to serve a business landscape as that of the Company, audit experience, market standing of the firm, clientele served, technical knowledge etc., and found K&P to be best suited to handle the audit of the financial statements of the Company.

K&P have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, would be within the limits prescribed under the Act.

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

The Board of Directors at their meeting held on April 27, 2026, 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 to conduct the audit of the cost records maintained by the Company for the financial year ending on March 31, 2027 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. 5.

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

#### ITEM NO. 6 OF THE NOTICE

Pursuant to provisions of Section 161 of the Companies Act, 2013 ('the Act'), rules thereof and the Articles of Association of the Company and on recommendation of the Nomination and Remuneration Committee; the Board of Directors at its meeting held on April 27, 2026 has co-opted Mr. Ranganath Nuggehalli Krishna (DIN: 00004044) as an Additional Director of the Company in the category of Independent Director with effect from April 28, 2026.

The Nomination and Remuneration Committee at its meeting held on April 27, 2026 has evaluated the balance of skills, knowledge and experience on the Board and was of the view that Mr. Ranganath Nuggehalli Krishna possesses identified capabilities and his role on the Board would be suitable for guidance in operations of the Company.

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

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

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

Mr. Ranganath Nuggehalli Krishna is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Further, he has submitted declarations stating that he meets the criteria of Independence as prescribed in Section 149(6) of the Act and the SEBI LODR Regulations and that he has not been debarred or disqualified from holding the office as a Director by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs or any such statutory/regulatory authority.

In the opinion of the Board of Directors; he possesses integrity, expertise and experience and fulfils the conditions for the appointment as an Independent Director as specified under the Act and the SEBI LODR Regulations, as amended and he is independent of the management of the Company. He holds valid registration certificate of having his name included in the Databank of Independent Directors.

Brief Profile of Mr. Ranganath Nuggehalli Krishna (DIN: 00004044) is as given below:

Mr. Ranganath Nuggehalli Krishna is a seasoned business leader and Independent Director with over 45 years of experience across manufacturing, energy, water and sustainability sectors. A Mechanical Engineer from the College of Engineering, Guindy and a management graduate from XLRI Jamshedpur, he served as the Managing Director of Grundfos Pumps India Private Ltd. from 1998 to 2020, where he led the establishment of the company's manufacturing operations, nationwide sales and service network, and brand presence in India.

He has extensive experience in strategy, business transformation, sustainability, governance and institution building, and has worked with global teams across more than thirty countries.

Mr. Krishna currently serves as an Independent Director on several listed and unlisted companies and advises emerging companies in the water, energy and sustainability ecosystem.

He is a Director on the Board of Directors of following other public limited companies and holds committee positions as on the date of this Notice.

Name of the Companies	Board position held	Committee Position held
AVT Natural Products Ltd.	Independent Director	Audit Committee Member -
L&T Valves Ltd.	Independent Director	-
Rotomag Enertec Ltd.	Independent Director	Audit Committee Chairman -
Kasturi & Sons Ltd.	Independent Director	-

He does not hold any equity share in the Company.

He is not related to any other Director or Key Managerial Person of the Company.

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

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

Except Mr. Ranganath Nuggehalli Krishna none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Statement may also be regarded as a disclosure under Regulation 36 of the SEBI LODR Regulations.

The Board of Directors is of the opinion that appointment of Mr. Ranganath Nuggehalli Krishna as an Independent Director would be beneficial to the Company and recommends the special resolution as set out at Item No. 6 of the Notice for approval of the Members of the Company.

#### ITEM NO. 7 OF THE NOTICE

Mr. Rahul C. Kirloskar (DIN: 00007319) is on the Board w.e.f. September 30, 1993 and was co-opted as Non-Executive Chairman w.e.f. March 9, 2010. He was appointed as the Whole-Time Director designated as the 'Executive Chairman' of the Company, for a period of 5 (Five) years from January 23, 2012 till January 22, 2017 by the Members of the Company, in its Annual General Meeting ('AGM') held on July 17, 2012. He was re-appointed as the Whole-Time Director designated as the 'Executive Chairman' of the Company, for a period of 5 (Five) years from January 23, 2017 and further re-appointed for a period of 5 (Five) years from January 23, 2022 till January 22, 2027 by the Members of the Company.

The Board of Directors of the Company, in its meeting held on April 27, 2026, on the recommendation of the Nomination and Remuneration Committee, re-appointed Mr. Rahul C. Kirloskar as a Whole-Time Director designated as the 'Executive Chairman' of the Company, for a further period of 5 (Five) years with effect from January 23, 2027. The said re-appointment as Whole-Time Director as well as remuneration to be paid is subject to approval by the Members of the Company at the ensuing AGM. The remuneration and other terms and conditions are as set out below and contained in the agreement to be entered into between the Company and Mr. Rahul C. Kirloskar as approved by the Board of Directors at the said meeting, a copy whereof is open for inspection.

Profile of Director

Mr. Rahul C. Kirloskar, is a Business Executive with over 40 years of experience in managing various industries including engineering products and solutions. He has been associated with the Kirloskar Group of Companies 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 Kirloskar Pneumatic Company Ltd., (KPCL) as Senior Manager Operations for the Air Compressors Division of the Company. In December, 1993 he was appointed as the Managing Director of KPCL, thereafter in September, 1998 he took over as the Chairman of the Company. Kirloskar Pneumatic Company Ltd. under his leadership has become the market leader for industrial refrigeration compressors in India. The company is also a leader in the oil and gas sector in the country. Recently the Company has introduced many new products like Centrifugal Air Compressors as well as Screw Compressors for refrigeration. Mr. Rahul C. Kirloskar has also been Chairman of Confederation of Indian Industry (CII) Pune Council as well as Maharashtra State CII Council.

Mr. Kirloskar is a Chairman of the Corporate Social Responsibility Committee and Member of Stakeholders' Relationship Committee of the Company.

The Directorship in other listed/public limited companies are as follows:

Name of the Companies	Board position held	Committee Position held
Kirloskar Oil Engines Ltd.	Chairman (Non-Executive and Non-Independent Director)	Corporate Social Responsibility Committee - Chairman Nomination and Remuneration Committee - Member
Kirloskar Ferrous Industries Ltd.	Chairman (Non-Executive and Non-Independent Director)	Stakeholders Relationship Committee - Chairman Corporate Social Responsibility Committee - Chairman Nomination and Remuneration Committee - Member
Kirloskar Industries Ltd.	Non-Executive and Non-Independent Director	-
Kirloskar Proprietary Ltd.	Director	-
Avante Spaces Ltd.	Chairman	Audit Committee - Member Nomination and Remuneration Committee - Member Risk Management Committee - Member Corporate Social Responsibility Committee - Member

Mr. Rahul C. Kirloskar holds 74,96,150 shares (in the name of first holder only/PAN based) in the Company.

The details of remuneration payable to Mr. Rahul C. Kirloskar are as under:

**SALARY:**

₹ 15,00,000/- (Rupees Fifteen Lakhs only) per month in the grade of ₹ 15,00,000/- (Rupees Fifteen Lakhs only) to ₹ 25,00,000/- (Rupees Twenty Five Lakhs only).

**PERQUISITES:**

In addition to the aforesaid salary, Mr. Rahul C. Kirloskar as Executive Chairman shall be entitled to the following Perquisites:

- Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities and repairs shall be borne by the Company.
- Reimbursement of all medical expenses incurred for self and family.
- Leave travel assistance for self and family not exceeding ₹ 2,00,000/- (Rupees Two Lakhs only) per annum.
- Fees of clubs, subject to a maximum of two clubs, which will include admission fee but will not include life membership fees.
- Personal accident insurance, premium whereof does not exceed ₹ 25,000/- (Rupees Twenty Five Thousand only) per annum.
- A car with driver.
- Telephone, fax and other communication facilities at residence.
- Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Rules.
- Gratuity at the rate of 30 days' salary for each completed year of service as per the Scheme of the Company.
- Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed at the end of the tenure, and
- Education Allowance for the education of his Children as per Company Rules.

"Family" for the above purpose means wife, dependent children and dependent parents of the Executive Chairman.

Perquisites shall be evaluated as per the provisions of the Income Tax Rules.

**COMMISSION:**

Commission shall be decided by the Board of Directors based on the net profits of the Company each year subject to the condition that

the aggregate remuneration of the Executive Chairman shall not exceed the limit laid down under Section 197 and Schedule V of the Companies Act, 2013.

**MINIMUM REMUNERATION:**

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Whole-Time Director, minimum remuneration by way of salary, perquisites and other allowances shall be in accordance with the ceiling prescribed in Schedule V to the Companies Act, 2013 or any statutory modification thereof.

Mr. Rahul C. Kirloskar will be a Director liable to retire by rotation and his re-appointment as such Director shall not be deemed to constitute a break in his appointment as Executive Chairman.

The Board considers that the re-appointment of Mr. Rahul C. Kirloskar would be of immense benefit to the Company. Accordingly, the Board of Directors recommend his appointment.

Mr. Rahul C. Kirloskar is interested to the extent of remuneration payable to him. Mr. Aman Kirloskar, Managing Director of the Company being son and Mr. Atul Kirloskar, Director of the Company being his brother are related to each other and hence may be deemed to be interested in his re-appointment.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. Rahul C. Kirloskar, Mr. Atul Kirloskar and Mr. Aman Kirloskar are concerned or interested, financial or otherwise, in the resolution set out at an Item No. 7.

This explanatory statement may also be regarded as disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board recommends the proposed resolution as set out at Item No. 7 of the Notice for approval of the Members as ordinary resolution.

**ITEM NO. 8 OF THE NOTICE**

The Members of the Company appointed Mr. Aman Kirloskar as the Managing Director for the period of 5 (Five) years w.e.f. April 1, 2026 and also approved his remuneration for the said period and as per the said terms his remuneration should not exceed 5% of the Net Profit computed as per the Section 198 of the Companies Act, 2013.

The re-appointment of Mr. Rahul C. Kirloskar as the Whole-Time Director designated as the Executive Chairman for the period of 5 (Five) years w.e.f. January 23, 2027 and also his remuneration for the said period shall not exceed 5% of the Net Profit computed as per the Section 198 of the Companies Act, 2013 is being proposed for the approval of the Members under item no. 7 of this Notice.

Currently, Mr. Rahul C. Kirloskar, Executive Chairman is also a Promoter of the Company and Mr. Aman Kirloskar, member of the Promoter Group. The aggregate remuneration payable to Mr. Aman Kirloskar as Managing Director and Mr. Rahul C. Kirloskar as Executive Chairman for the financial year 2026-27 and onwards

the annual remuneration may in aggregate exceed 5% of the Net Profits of the Company for the respective financial year in terms of Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations').

This necessitates seeking fresh approval of the shareholders by way of special resolution in terms of SEBI LODR Regulations.

Such approval shall remain valid until the expiry of their respective aforesaid terms of the appointment and all other terms and conditions of their appointment remain unchanged.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. Rahul C. Kirloskar, Mr. Aman Kirloskar and Mr. Atul Kirloskar are concerned or interested, financially or otherwise in the resolution set out at an Item No. 8.

The Board recommends the proposed resolution as set out at Item No. 8 of the Notice for approval of the Members as special resolution.

**ITEM NO. 9 OF THE NOTICE**

The Equity Shares of the Company are listed and actively traded on BSE Ltd. and National Stock Exchange of India Ltd. With a view to encourage the participation of small investors by making Equity Shares of the Company affordable, the Board at its meeting held on April 27, 2026 considered and approved the sub-division of 1 (One) Equity Share of the Company having a face value of ₹ 2/- (Rupees Two) each into 2 (Two) Equity Shares of face value of ₹ 1/- (Rupee One) each subject to approval of the Members and any other statutory and regulatory approvals as applicable. The Record date for the aforesaid sub-division of the equity shares will be fixed after approval of the Members is obtained.

Presently, the authorised share capital of the Company is ₹ 37,50,00,000 (Rupees Thirty Seven Crores Fifty Lakhs only) divided into 18,75,00,000 (Eighteen Crores Seventy Five Lakhs) Equity Shares of ₹ 2/- (Rupees Two) each. There will not be any change in the amount of authorized, issued, subscribed and paid-up share capital but the number of shares will change to 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) Equity Shares in the authorised, issued, subscribed and paid-up share capital of the Company respectively.

Further, the aforesaid sub-division would, inter alia, require fair and reasonable adjustment to the stock options, pursuant to the earlier resolution passed by the Members in the Annual General Meeting held on July 20, 2019, that have been vested and yet to be exercised or unvested stock options or stock options to be granted and also to the exercise price of such options, under the KPCL ESOS 2019 as on the Record Date. The Scheme provides for making a fair and reasonable adjustment to the outstanding stock options.

The sub-division as aforesaid would require consequential amendment to the existing Clause V of the Memorandum of Association of the Company on the terms set out in item no. 10 of the notice to reflect the change in face value of each equity share of the Company from existing ₹ 2/- (Rupees Two) each to proposed

₹ 1/- (Rupee One) each. As per the provisions of Section 13 of the Companies Act, 2013 ('Act'), any alteration in the Memorandum of Association of the Company shall be effected only after the approval of the Members by passing an ordinary resolution.

Accordingly, the approval of Shareholders is required by way of ordinary resolution for sub-division of Equity Shares of the Company and consequential amendment to the capital clause of the Memorandum of Association in pursuance of the provisions of the Act and the applicable rules, regulations and laws.

Accordingly, your Directors recommend the resolution as set out in Item No. 9 of the Notice for approval of the Members as ordinary resolution.

### ITEM NO. 10 OF THE NOTICE

The Equity Shares of the Company are listed and actively traded on BSE Ltd. and National Stock Exchange of India Ltd. With a view to encourage the participation of small investors by making Equity Shares of the Company affordable, the Board at its meeting held on April 27, 2026 considered and approved the sub-division of 1 (One) Equity Share of the Company having a face value of ₹ 2/- (Rupees Two) each into 2 (Two) Equity Shares of face value of ₹ 1/- (Rupee One) each subject to approval of the Members and any other statutory and regulatory approvals as applicable.

Presently, the authorised share capital of the Company is ₹ 37,50,00,000 (Rupees Thirty Seven Crores Fifty Lakhs only) divided into 18,75,00,000 (Eighteen Crores Seventy Five Lakhs) Equity Shares of ₹ 2/- (Rupees Two) each and the paid up share

capital of the Company is ₹ 12,99,16,380 (Rupees Twelve Crores Ninety Nine Lakhs Sixteen Thousand Three Hundred Eighty only) divided into 6,49,58,190 (Six Crores Forty Nine Lakhs Fifty Eight Thousand One Hundred Ninety) Equity Shares of ₹ 2/- (Rupees Two) each fully paid up. There will not be any change in the amount of authorized, issued, subscribed and paid-up share capital but the number of shares will change to 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) Equity Shares in the authorised issued, subscribed and paid-up share capital of the Company respectively.

The sub-division as aforesaid would require consequential amendment to the existing Clause V of the Memorandum of Association of the Company on the terms set out in item no. 9 of the notice to reflect the change in face value of each Equity Share of the company from existing ₹ 2/- (Rupees Two) each to proposed ₹ 1/- (Rupee One) each and Article 3A of the Articles of Association. As per the provisions of Sections 13 and 14 of the Companies Act, 2013, any alteration in the Memorandum of Association of the Company shall be effected only after the approval of the Members by passing an ordinary resolution.

Accordingly, the approval of shareholders is required by way of ordinary resolution for sub-division of Equity Shares of the Company and consequential amendment to the capital clause of the Memorandum of Association in pursuance of the provisions of the Companies Act, 2013 and the applicable rules, regulations and laws.

Accordingly, your Directors recommend the resolution as set out in Item No. 10 of the Notice for approval of the Members as ordinary resolution.

#### Registered Office:

Hadapsar Industrial Estate, Pune - 411 013  
CIN: L29120PN1974PLC110307  
E-mail: [sec@kirloskar.com](mailto:sec@kirloskar.com)  
Website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

#### By Order of the Board of Directors

Sd/-  
**Jitendra R. Shah**  
Company Secretary

Place: Pune  
Date: April 27, 2026

## Directors' Report to the Members

Your Directors have pleasure in presenting this Report with Audited Annual Financial Statements of the Company for the year ended March 31, 2026.

### 1. COMPANY SPECIFIC INFORMATION

#### 1.1 Financial Summary & Highlights

The financial results for the year ended March 31, 2026 are summarized below:

₹ in Million

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Revenue from Operations	17,592.26	16,286.27	17,867.35	16,401.69
Other Income	270.78	221.11	277.25	222.47
Total Income	17,863.04	16,507.38	18,144.60	16,624.16
Profit before tax	3,422.33	2,806.53	3,378.78	2,808.34
Tax Expense (Current & Deferred tax)	838.22	695.83	835.94	695.51
Profit after tax	2,584.11	2,110.70	2,542.84	2,112.83
Other Comprehensive Income/(Loss), net of tax	(456.86)	13.49	(456.59)	14.22
Total Comprehensive Income for the year	2,127.25	2,124.19	2,086.25	2,127.05
Attributable to				
Shareholders of the Company	-	-	2,104.59	2,125.77
Non-controlling interest	-	-	(18.34)	1.28

#### 1.2 Operating Results and Profits

Standalone revenue of the Company from operations was ₹ 17,592.26 Million which was 8% higher than the revenue of ₹ 16,286.27 Million in the previous financial year 2024-25. Your Company registered a standalone total income of ₹ 17,863.04 Million for the financial year 2025-26, against ₹ 16,507.38 Million of the previous year. Your Company earned a net profit of ₹ 2,584.11 Million compared to ₹ 2,110.70 Million earned last year. Your Company registered over 8% growth in Total Income and 22% growth in Net Profit as compared to previous year.

Consolidated revenue of the Company from operations was ₹ 17,867.35 Million which was 8.94% higher than the revenue of ₹ 16,401.69 Million in the previous financial year 2024-25. The Net Profit stood at ₹ 2,542.84 Million compared to ₹ 2,112.83 Million earned last year.

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

Please refer to the paragraph on Operating Results in the Management Discussion & Analysis Report section for detailed analysis.

#### 1.3 Transfer to Reserves

During the reporting year, no amount has been transferred to General Reserves of the Company.

#### 1.4 Dividend

The Board of Directors is pleased to recommend a final dividend of ₹ 8.50 (425%) per Equity Share of the face value of ₹ 2/- each for the year 2025-26 which will be paid subject to the approval of shareholders in the ensuing Annual General Meeting ('AGM').

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

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

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

The Company has paid/recommended total dividend of ₹12/- (600%) per equity share of ₹ 2/- each for the year 2025-26.

Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the Members with effect from April 1, 2020 and the Company is required to deduct tax at source from dividend paid to the Members at prescribed rates as per the Income Tax Act, 2025.

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

<https://www.kirloskarpneumatic.com/documents/3010307/3499608/Dividend+Distribution+Policy.pdf/9195b0bb-2df4-f691-4ad0-1e285961e9da?t=1743677330696>

## 1.5 Major events that occurred during the year

### Production Linked Incentive (PLI) Scheme for White Goods:

The PLI Scheme for white Goods aims to create a robust domestic component ecosystem for the Air Conditioner Industry and position India as an integral part of the global supply chains.

During the reporting year, your Company has filed a PLI application to enter the Commercial Air conditioning space (Market size > ₹ 5,000 Crores) with our unique 'Zephyros C system'.

The Board of Directors are pleased to inform you that the Government of India has selected your Company in the 4<sup>th</sup> round of PLI Scheme for manufacturing Compressors, Motors, Heat Exchangers and Sheet Metal Components with a capital commitment of ₹ 320 Crores.

### Launch of New Products:

During the reporting year, your Company successfully launched "Tyche," a new semi-hermetic reciprocating compressor



clearing all product & field testing. This product is specifically designed for the commercial refrigeration business segment, and its motor is manufactured in-house to ensure efficient supply & competitive price for our customers. Your Company also developed Cooling Tower Gearbox.

### Drive to Commercialise Intellectual Property:

KPCL has been recognized as a Top 30 IP driven company in India – large category by CII. Your Company used this time to strongly drive to commercialize the various IP's that had filed as well as to put the newly created manufacturing capabilities to use for related industry.

### Backward Integration:

Further in our ongoing effort to reduce costs and as part of our backward integration strategy, your Company has established a new foundry at Nashik, featuring lost foam castings technology. Foundry in Nashik is environmentally friendly and is based on circularity in manufacturing.

### Certification:

During the reporting year, your Company has successfully completed:

- Surveillance Audit for IMS (**ISO:9001, ISO:14001, and ISO:45001**) for Hadapsar, Saswad Plant & Regional offices.
- Surveillance Audit for QMS (ISO 9001) for Nashik Plant.
- Surveillance Audit for 5S for Hadapsar and Saswad Plants.
- Re-certification Audit for 5S for Nashik Plant.
- Re-certification audit for ISO/IEC: 17025 (NABL Accreditation) for the Metallurgy Laboratory.
- Surveillance audit for ISO/IEC: 17025 (NABL Accreditation) for the Metrology Laboratory.

## 1.6 Segment-wise position of business and its operations

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

Compression Systems registered a robust growth over the previous year by earning revenue of ₹ 16,437 Million as compared to ₹ 15,287 Million in the previous year.

## 1.7 Subsidiary Company and Consolidated Financial Statements

Systems & Components (India) Private Ltd. (S&C) became a subsidiary of the Company with effect from December 4, 2024. As on March 31, 2026 the Company has only one subsidiary.

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

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

Pursuant to the provisions of Section 136 of the Act and its Rules thereof including amendments thereunder, the Financial Statement along with relevant documents of the Company and its subsidiary are available on the Company's website viz. [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

The Financial Statement of the subsidiary and related detailed information will be kept, for inspection by any member, at the Company's Registered Office and will also be made available to the members on demand, at any point of time.

### Brief highlights of subsidiary company:

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

## 2. CAPITAL STRUCTURE

### 2.1 Increase in Share Capital

During the year, the Company allotted 60,800 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'). Out of the 60,800 equity shares, the Company has allotted 6,100 Equity Shares of face value of ₹ 2/- each under the

KPCL ESOS 2019 on March 22, 2026 which was listed on BSE Ltd. and National Stock Exchange of India Ltd. on April 1, 2026.

Issued Capital, Subscribed Capital and Paid-up Capital of the Company therefore increased by ₹ 1,21,600/- and was ₹ 12,99,16,380/- consisting of 6,49,58,190 equity shares of ₹ 2/- each as on March 31, 2026.

### 2.2 Employee Stock Option Scheme

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

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

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

Date	Stock Options Granted	Exercisable into Equity Shares of ₹ 2/- each
July 18, 2025	48,000	48,000
January 23, 2026	8,000	8,000

The details of options granted, vested, exercised, lapsed/ cancelled during the year 2025-26 and outstanding at the end of the year is provided in Note No. 28 to the standalone Financial Statement for the year ended March 31, 2026. During the year, 60,800 equity shares were allotted as a result of exercise of options resulting into realization of ₹ 22,998,000/-.

During the reporting year, the Company has not granted options to any Key Managerial Personnel. None of the employee was granted options in any one year amounting to five percent or more during the year. Further, no employee was identified to whom options granted one percent or more of the issued capital of the company at the time of grant during the year. During the year, the Company has not made any variations in the KPCL ESOS 2019. The certificate from M/s SVD & Associates, Company Secretaries, Secretarial Auditor 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 AGM held on July 20, 2019, will be available for inspection by the shareholders during the ensuing AGM. A copy of the same will

be available for inspection at the Company's website and can be accessed on the weblink: <https://www.kirloskarpneumatic.com/agm-egm>

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 Employee Benefit Regulations and can be accessed on the following weblink: <https://www.kirloskarpneumatic.com/agm-egm>

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:

- "Golden Peacock HR Excellence Award - 2025" by Golden Peacock Awards Secretariat, Institute of Directors, India.
- "Runner up Award for Highest IP Filing in the category of Large - Engineering/Manufacturing Companies in the 11<sup>th</sup> CII Industrial Intellectual Property Awards 2025.
- Excellence in Innovation Award at the 13<sup>th</sup> Annual Manufacturing Today Conference & Awards 2025.
- Energy Efficient Plant Award at the CII Energy Awards 2025 for its Saswad Plant.
- Awards in 39<sup>th</sup> National Convention on Quality Concepts (NCQC - 2025)
  - 5 "Excellence Award Trophy"
- Awards in 40<sup>th</sup> Annual Chapter Convention on Quality Concepts (CCQC - 2025)
  - 5 "Gold Award Trophy"
  - 1 "Silver Award Trophy"

### 4. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

During the reporting year, your Company transferred following amount and shares to the IEPF:

Dividend for the year 2017-18 (Final)	₹ 3,652,848
No. of shares of ₹ 2/- each	47,720
Fractional Entitlement (2017-18)	₹ 2,283,187
Dividend 2018-19 (Interim)	₹ 1,459,456

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 March 31, 2026	Corresponding Number of Equity Shares of the Company	Date of Transfer
1	Dividend 2018-19 (Final)	21,40,603.50	14,27,069	25-Aug-26
2	Dividend 2019-20 (Interim)	14,51,052.00	14,51,052	28-Feb-27
3	Dividend 2019-20 (Second Interim)	27,35,543.10	16,09,143	09-Apr-27
4	Dividend 2020-21 (Final)	43,92,502.00	12,55,001	25-Aug-28
5	Dividend 2021-22 (Interim)	17,79,386.80	11,12,117	05-Mar-29
6	Dividend 2021-22 (Final)	28,97,251.00	12,07,188	25-Aug-29
7	Dividend 2022-23 (Interim)	27,11,927.50	10,84,771	02-Mar-30
8	Dividend 2022-23 (Final)	16,51,550.00	5,50,517	25-Aug-30
9	Dividend 2023-24 (Interim)	12,08,795.50	4,83,518	01-Mar-31
10	Dividend 2023-24 (Final)	33,06,942.00	8,26,736	25-Aug-31
11	Dividend 2024-25 (Interim)	25,74,544.00	7,35,584	05-Mar-32
12	Dividend 2024-25 (Final)	49,52,436.50	7,61,913	27-Aug-32
13	Dividend 2025-26 (Interim)	24,98,437.00	7,13,839	28-Feb-33

### 5. PARTICULARS OF INVESTMENTS, LOANS AND GUARANTEES

During the reporting year, your Company has made investments in Mutual Funds and Fixed Deposits.

No Loans, Guarantees covered under the provisions of Section 186 of the Act are given/provided/made during the reporting year.

### 6. DIRECTORS

#### 6.1 Directors and Key Managerial Personnel

During the reporting year:

- Ms. Varsha Purandare (DIN: 05288076) was appointed as Non-Executive Independent Director on the Board of the Company from April 24, 2025 to April 23, 2030 by the Members of the Company in the AGM held on July 22, 2025.
- Mr. Deepak Bagla (DIN: 01959175), has joined the Government of India and to avoid any potential conflict of interest, resigned from the Board as Non-Executive Independent Director with effect from July 19, 2025. The Board places on record their sincere appreciation and extends gratitude to Mr. Deepak Bagla for his invaluable contribution.
- Mrs. Nalini Venkatesh (DIN: 06891397), has ceased to be a Non-Executive Independent Director of the Company on completion of her tenure with effect from July 25, 2025. The Board places on record their sincere appreciation and extends gratitude to Mrs. Nalini Venkatesh for her invaluable contribution over the years.
- Mr. Tejas Deshpande (DIN: 01942507) was appointed as Non-Executive Independent Director on the Board of the Company for second term of 5 (Five) consecutive years from October 27, 2025 to October 26, 2030 by way of postal ballot on September 25, 2025.

Mr. K Srinivasan (DIN: 00088424) was ceased to be a Director and Managing Director of the Company w.e.f. April 1, 2026 upon completion of his term. The Members of the Company have appointed Mr. Aman Kirloskar (DIN: 09823056) as Director and Managing Director of the Company w.e.f. April 1, 2026 by way of postal ballot on March 22, 2026.

Mr. Rahul C. Kirloskar (DIN: 00007319) retires by rotation at the forthcoming AGM and being eligible offers himself for re-appointment. The necessary resolution for appointment of Mr. Rahul C. Kirloskar is proposed for approval in the forthcoming AGM. The Board also on the recommendation of the Nomination and Remuneration Committee and in

accordance with provisions of the Act and SEBI Listing Regulations, has proposed the appointment of Mr. Rahul C. Kirloskar as Executive Director designated as 'Executive Chairman' from January 23, 2027 to January 22, 2032 for approval in the forthcoming AGM.

The Board on the recommendation of Nomination and Remuneration Committee and in accordance with provisions of the Act and SEBI Listing Regulations, has appointed Mr. Ranganthan Nugehalli Krishna (DIN: 00004044) as an Additional Director in the category of Non-Executive Independent Director on the Board from April 28, 2026 to March 12, 2031 subject to approval of the Members in the forthcoming AGM.

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

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

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

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

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

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

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfil the conditions specified in the

Act as well as the rules made thereunder and are independent of the Management.

### 6.3 Directors Appointment and Remuneration Policy

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

The Nomination and Remuneration Policy is available on the Company's website on the following weblink: <https://www.kirloskarpneumatic.com/documents/3010307/3499608/Remuneration+policy.pdf/22292a40-4296-0b74-c55b-39cc36aaac00?t=1743677334780>

### 6.4 Board Evaluation

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

- Attendance in 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.

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

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

### 6.5 Number of Meetings of the Board

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, 5 (Five) Board Meetings were convened and held, the details of which are given in the Report on Corporate Governance. The intervening gap between the meetings was within the period prescribed under the Act and SEBI Listing Regulations.

### 6.6 Composition of Committee Meetings

The composition of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and

Risk Management Committee constituted by the Board under the Act and SEBI Listing Regulations as well as changes in the composition, if any and number of meetings held during the year forms part of the Report on Corporate Governance.

### 6.7 Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable Indian Accounting Standards (IND AS) have been followed and there have been no material departures;
- 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 March 31, 2026 and of the profit of the company for the year ended on that date;
- 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;
- The annual accounts have been prepared on a going concern basis;
- Proper internal financial controls have been laid down for the company and that such internal financial controls are adequate and are operating effectively; and
- 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 and Chief Financial Officer on periodical basis as well as the certificate from Chartered Accountant on an annual basis.

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

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

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

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

### 8. RISK MANAGEMENT

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

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

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

### 9. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

### 10. AUDITORS

#### 10.1 Statutory Auditors

The Members of the Company appointed Kirtane & Pandit LLP, Firm Registration No 105215W/W100057, Chartered Accountants as the Statutory Auditors of the Company for a first term of 5 (Five) consecutive years from the conclusion of the 46<sup>th</sup> AGM till the conclusion of the 51<sup>st</sup> AGM of the Company. Accordingly, the term of Kirtane & Pandit LLP as Statutory Auditor will be completed at the conclusion of forthcoming AGM in terms of the said approval and Section 139 of the Act read with the Companies (Audit and Auditors) Rules 2014.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their Audit Report for the year ended March 31, 2026.

The Audit Committee and Board of Directors of the Company have therefore recommended the re-appointment of Kirtane & Pandit LLP (Firm Registration No. 105215W/W100057), Chartered Accountants as the Statutory Auditors of the Company for a second term of 5 (Five) consecutive years from the conclusion of the 51<sup>st</sup> AGM till the conclusion of the 56<sup>th</sup> AGM of the Company at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.

Details of the proposal for appointment of Kirtane & Pandit LLP are given in the Explanatory Statement to the Notice of the 51<sup>st</sup> AGM as required under Section 102 of the Act. Accordingly, the necessary resolution for appointment of Kirtane & Pandit LLP, Chartered Accountants for a period of 5 (Five) years is proposed for approval in the forthcoming AGM.

#### 10.2 Cost Auditors

The Board of Directors, had on the recommendation of the Audit Committee, appointed M/s Sudhir Govind Jog, a proprietary firm to audit the cost accounts of the Company for the financial year 2026-27 on a remuneration of ₹ 0.65 Million.

As required under the Act, 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 March 31, 2027 is proposed for approval in the forthcoming AGM.

### 10.3 Secretarial Auditors

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

There are no qualifications, reservations or adverse remarks or disclaimer made by the Secretarial Auditors in their Secretarial Audit Report for the year ended March 31, 2026.

M/s SVD & Associates has submitted Annual Secretarial Compliance Report as laid down in the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by Securities and Exchange Board of India 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 2025-26.

### 11. SECRETARIAL STANDARDS

Your Company is in compliance with the applicable 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, the Cost Auditor nor the Secretarial Auditors have reported to the Audit Committee, under Section 143(12) of the Act, any instance of fraud committed against the Company by its officers or employees. Therefore, no details are required to be provided in the Board's report.

### 13. CORPORATE GOVERNANCE

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

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

### 14. ANNUAL RETURN

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

### 15. CORPORATE SOCIAL INITIATIVES

The Board has constituted a CSR Committee to oversee and monitor CSR activities of the Company. Based on the recommendations of the CSR Committee, the Board continues to implement the CSR Policy in line with the provisions of the Act.

As part of its Corporate Social Responsibility ('CSR') initiatives, the Company continues to focus on Education, Environment and Health, in alignment with Schedule VII of the Act, Sustainable Development Goals ('SDGs'), and ESG commitments.

The initiatives in education ('Bharari' and 'Youth Skilling'), adolescence mental health ('Relashani'), and School and College Environmental Initiative were expanded and refined for greater reach and impact. KaShi ('Kanya Shiksha') initiative was extended to some more new locations.

The Company continued its focus on youth skilling and employability in collaboration with SL Kirloskar CSR Foundation and NTTF ('Nettur Technical Training Foundation'). Students were selected based on socio-economic criteria and Diversity, Equity and Inclusion ('DEI') considerations. The Company supported 151 students across Bengaluru, Dharwad and Pune centres. All these students have successfully completed the course and were placed 100% in different industries.

The April 2025 to March 2026 period showcases RESQ Charitable Trust ('Rescue, Treatment, Rehabilitation & Conservation of Wild Animals') as a highly effective, responsive, and impactful organization in the field of wildlife conservation. Through rapid action, scientific expertise, strong partnerships, and community engagement, RESQ continues to safeguard wildlife while promoting sustainable coexistence.

Throughout the year, RESQ maintained a high level of operational activity and efficiency. On average:

- 1,600 to 2,000+ cases were handled every month
- 700 to 1,000+ animals were rescued monthly
- Field teams covered 33,000 to 41,000 kilometres per month, indicating extensive outreach
- 2,000+ helpline calls were attended monthly, showcasing strong public engagement
- Awareness programs reached 1,000 to 15,000+ individuals per month
- 1,147+ individuals trained during National Safety Week

These figures reflect the organization's scale, responsiveness, and operational strength in managing wildlife emergencies.

- These initiatives have contributed significantly to reducing fear, improving understanding, and promoting responsible behaviour toward wildlife.

OGQ - (A Program of Foundation for Promotion of Sports and Games) Support to Athletes and Para Athletes: Currently, 468 Athletes & Para Athletes are supported by OGQ.

The 'Bharari' initiative was further expanded to include additional schools in Saswad and Hadapsar vicinity and enhanced modules on life skills, scientific learning, and psychological support.



The KaShi initiative continued with educational support and promote education among girl students from socio-economically challenged backgrounds across multiple states. Some new Locations were added this year.

The Relashani adolescence health program was scaled up during the year, reaching a larger number of students through structured workshops on mental health, well-being, and healthy relationships. Focusing on educating students from 8<sup>th</sup> to 11<sup>th</sup> standard.

The Green Vasundhara School Initiative continued to create awareness about environmental sustainability through audio visual workshops, competitions, and engagement programs. The Green Vasundhara Initiative further promoted environmental awareness through festivals, film screenings, and millet awareness programs in 15 schools and 10 Colleges across Pune, Saswad and Nashik regions.

The Company contributed ₹ 5 Million to Kirloskar Institute of Management ('KIM') towards promoting higher education.

Detailed information on CSR activities is provided in the Management Discussion and Analysis Report. The CSR Policy is available on the Company's website.

#### 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 2% (Two percent) of the average Net Profits, calculated in accordance with the provisions of the Act 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 Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure "3".

### 17. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

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

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

### 19. MAINTENANCE OF COST RECORDS

Your Company confirms that the maintenance of cost records as specified by the Central Government under Sub-section (1) of Section 148 of the Act, 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

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. The policy provides adequate safeguards against victimisation and direct access to the Chairman of the Audit Committee in appropriate or exceptional circumstances. The weblink of the policy is provided in the Corporate Governance Report.

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

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

## 22. FIXED DEPOSIT

Your Company has discontinued accepting fixed deposits since 2001-02. As such, as of March 31, 2026 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 Act, 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 Act, and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of Employees are available at the Registered Office of the Company during working hours for a period of 21 days before the AGM and shall be made available to any shareholder on request.

## 24. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 AND MATERNITY BENEFIT ACT, 1961

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, 4 (Four) such meetings were conducted and 1(One) complaint has been received and disposed off within 90 (Ninety) days.

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

- Continued with a PoSH Awareness Module in its employee induction program.
- Conducted total 15 programs including online programs which covered 440 employees including GET and contract employees.

Your Company has complied with the provisions of the Maternity Benefit Act, 1961.

## 25. EMPLOYEES

Your Company has taken several initiatives for Human Resource Development and manpower retention. Manpower is classified under Frontend, Internal and Support functions for better Customer Reach and Support. Assessment of performance through a robust and interactive PMS procedure, identifying Learning needs through the structured training need identification process based on competency assessment, Communication and listening mechanisms across organization, Leadership development, mentoring and coaching, focused functional capability building, 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 with structured rewards and recognition platforms 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 82 in the engagement survey 2025 conducted by an external Independent Agency which is conducted every alternate year.

In the FY 2025-26 your Company also conducted an internal survey of HR processes in which most of the processes were rated in the maintained category.

This year your Company has participated in the prestigious Golden Peacock HR Excellence Award (GPHREA) organized by the Institute of Directors (IOD), India and in the very first attempt has been awarded with prestigious "Golden Peacock HR Excellence Award 2025", in the Engineering sector. This award was presented in the 20<sup>th</sup> "International Conference on Corporate Social Responsibility" organized in Mumbai.

Your Company has 926 permanent employees and workers on its rolls as on March 31, 2026.

## 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 Ltd.**

Sd/-  
**Mr. Rahul C. Kirloskar**  
Executive Chairman  
DIN: 00007319

Date: April 27, 2026  
Place: Pune

## Annexure “1” to the Board’s Report

### Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

[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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

**The Members,  
Kirloskar Pneumatic Company Limited,  
Hadapsar, Industrial Estate,  
Pune – 411 013.**

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information and explanation provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2026** 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, 2026** 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) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulation, 2021 **(not applicable to the Company during the audit period)**; and
- h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 **(not applicable to the Company during the audit period)**.

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

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the Company with Stock Exchange pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including 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 and Committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**Unique Code of the Firm:** P2013MH031900  
**Peer Review Number:** 6357/2025  
**UDIN:** F006156H000193398  
**Place:** Pune  
**Date:** April 27, 2026

**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.

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

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

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

1. During the Financial Year 2025-26 the Company has allotted 60,800 equity shares to its employees under the Kirloskar Pneumatic Company Limited – Employee Stock Option Scheme (KPCL – ESOS 2019).
2. Ministry of Commerce and Industry has issued a Press Release on January 23, 2026, informing that Kirloskar Pneumatic Company Limited is provisionally selected in the 4th Round of Production-Linked Incentive (PLI) Scheme for White Goods.
3. In the postal ballot held on March 22, 2026, Members of the Company have by way of ordinary resolution approved Appointment of Mr. Aman Rahul Kirloskar (DIN: 09823056) as Director and Managing Director w.e.f April 1, 2026 to March 31, 2031.

For **SVD & Associates**  
Company Secretaries

Sd/-

**Sridhar Mudaliar**  
**Partner**  
**FCS No.: 6156**  
**CP No.: 2664**

## Annexure A

To,  
The Members,  
Kirloskar Pneumatic Company Limited,  
Hadapsar, Industrial Estate,  
Pune - 411 013

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 the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards CSAS-1 to CSAS-4 (CSAS) issued by the Institute of Company Secretaries of India (ICSI). These Standards requires that the Auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.
3. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS.
4. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

### Methodology

5. 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.
6. We have relied on the documents and evidence provided physically and through electronic mode.
7. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

### Disclaimer

8. 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.
9. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For **SVD & Associates**  
Company Secretaries

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

Unique Code of the Firm: P2013MH031900  
Peer Review Number: 6357/2025  
UDIN: F006156H000193398  
Place: Pune  
Date: April 27, 2026

## Annexure "2" to the Board's Report

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2025-26

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

#### 2. Composition of CSR Committee:

The Corporate Social Responsibility Committee consists of:

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Rahul C. Kirloskar	Executive Chairman (Chairman of CSR Committee)	1	1
2	Mr. K Srinivasan <sup>1</sup>	Managing Director (Member of CSR Committee)	1	1
3	Mr. Pravir Kumar Vohra <sup>2</sup>	Independent, Non-Executive Director (Member of CSR Committee)	1	NA
4	Mrs. Nalini Venkatesh <sup>3</sup>	Independent, Non-Executive Director (Member of CSR Committee)	1	1

Notes:

<sup>1</sup> Director, Managing Director and member of the Committee upto March 31, 2026.

<sup>2</sup> Appointed as member of the Committee w.e.f. July 22, 2025.

<sup>3</sup> Ceased to be an Independent Director and member of the Committee with effect from July 25, 2025.

#### 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/3010307/3481821/Composition+of+various+committees+of+Board+of+Directors+%28%29.pdf/1b5bb371-11e9-7d29-80c2-fbb875f38063?t=1777557485104>

##### CSR Policy approved by the Board

<https://www.kirloskarpneumatic.com/documents/3010307/3499608/Corporate+Social+Responsibility+Policy.pdf/7ac4f3c3-6d79-777b-1654-cad14e99b4d1?t=1754384088815>

##### Projects approved by the Board

<https://www.kirloskarpneumatic.com/csr/csr-program>

#### 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 2025-26:**

₹ in Million

a	Average net profit of the Company as per sub-section (5) of Section 135	1,939.04
b	Two percent of average net profit of the Company as per sub-section (5) of Section 135	38.78
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)]	38.78

**6. Details of amount spent on CSR Obligations:**

₹ in Million

a	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	39.05
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)]	39.05

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
39.05 Million		Nil		Nil	

f Excess Amount for Set off, if any:

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 38.78 Million
(ii)	Total amount spent for the Financial Year	₹ 39.05 Million
(iii)	Excess amount spent for the Financial Year <sup>1</sup> [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any <sup>1</sup>	Nil
(v)	Amount available for set off in succeeding Financial Years <sup>1</sup> [(iii)-(iv)]	Nil

Note: 1. 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 2024-25						
2	FY 2023-24						
3	FY 2022-23						

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

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

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

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

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

**9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub-section (5) of Section 135:**

Not Applicable

sd/-  
**Ramesh Birajdar**  
Vice President & Chief Financial Officer

sd/-  
**Aman Kirloskar**  
Managing Director  
DIN: 09823056

sd/-  
**Rahul C Kirloskar**  
Executive Chairman & Chairman of CSR Committee  
DIN: 00007319

Date: April 27, 2026  
Place: Pune

## Annexure “3” to the Board’s Report

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

### A. CONSERVATION OF ENERGY

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

Total 26 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

- Synchronising of 5 nos. compressors to reduce energy consumption.
- Isolation of 1500 kVA transformer from HT side and hence saving in transformer losses at no load condition and holidays at Saswad Plant.
- Continuously monitoring and maintaining Power factor to reduce distribution losses.
- Monitoring compressed air leakages and stopping of compressed air leakage for energy conservation.
- Transformer of 1 MW Gear box testing to switch off during no load and holidays at Hadapsar Plant.
- Switch 'OFF' power transformer T5-1,500 kVA and T8-1,600 kVA at no load condition at Hadapsar Plant.
- Proper utilization of stress relieving and heat treatment furnaces to get energy efficiency by improving on net weight loading.
- Switching off machines during lunch & teatime. Timer controlled switching ON/OFF for streetlight.
- 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, streetlight in all divisions.
- Timer based operation of domestic water circulation pump at Hadapsar Plant.

##### b. Process improvement projects

- Testing process improvement resulted in isolation of 4.5 MVA transformer from HT side and hence saving in transformer losses at Saswad plant.

- Reduction in tempering process temperature from 640°C to 600°C during heat treatment.
- Optimize the DG Set operation to reduce fuel consumption by 26%.
- 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.
- 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.
- Process modification for HP cylinder and gear housing machining operation at Air Compressor Division.

##### c. New Technology

- SCADA implementation with PID control for 4 Furnaces, No. 09, 10, 12 & 15 at Hadapsar Heat treatment shop.
- Energy saving due to relining with Fibrothal and new Kanthal coil design installation for furnace No. 07.
- Use of air compressor testing air for grid air supply to ACD plant machines.
- To minimize energy consumption of the Cleaning Machine through implementation of heat pump saving of 2.6kWh/Cyl.
- High Mast installation to reduce energy consumption & improve illumination level at Project shop open store.
- Reduction in cycle time of cleaning machine shop to optimise energy consumption.

- Use of 5 MVA 11 kV MV Drive VFD Panel to reduce starting current & improve PF of HT skid testing.
- Energy saving by Use of VFD & pressure transmitter for water pumps.
- Energy saving at 75 TR Chiller Motor controlled by VFD.
- Replacement of total two Diesel forklift with Toyota electrical forklift for material handling and to reduce scope -1 emission.
- Power factor improvement by installation of 275 KVAR Hybrid with 50 KVAR SVG panel at Hadapsar and 1025 KVAR SVG based thyristor APFC Panel at Saswad to improve Power Factor above 0.995.
- Use of Energy efficient Evaporative cooling with BLDC fan for air cooling for Hadapsar air end assembly shop and at Canteen at Saswad Canteen & New project shed shop floor also.
- VFD based control panel with pressure transducer for controlling pressure of water circulation of induction furnace.
- Use of Energy Monitoring System (EMS) at Saswad and Hadapsar Plant.
- Use of Human Sensor for office lightening & of AC saver.
- Use of SCADA and thyristor controlled PID base control panel for heat treatment furnace.

##### d. Waste Elimination

- Energy saving by replacing existing pressure testing pump by energy efficient motor pump (Energy Saving by Motor power).
- Elimination of Basket type washing machine water heaters.
- Use of smaller capacity compressor 250 CFM (Type KES-45) instead of 350 CFM (Type KES-55) compressor in night shift hours.
- Use of VFD to control in place of damper control for setting to vary suction flow rate for gamma and Knockout machine dust collector.
- HT furnace F6, F14 & F17 heat insulation to reduce heat loss through surface and to improve specific energy consumption at heat treatment shop.
- Oil and cost saving by Automatic chip centrifuge to recover oil from hobbing chip and improve oil recovery efficiency.

- Reduction in specific energy consumption of HT furnace for carburizing and hardening process from 697 kWh/Ton to 677 kWh/Ton by implementing various ENCON projects.
- Use of day light sheet for use natural sunlight for illumination in Saswad and Hadapsar shop during day shift working.
- 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.
- Saving in cutting oil consumption by reusing recovered oil of 63.15 KL from hobbing burr and grinding dust at Hadapsar. Also reused 22.66 KL testing oil of compressor after filtration, at Saswad. Total oil recovered and reused is 85.81 KL.
- Use of MS turning burr and metal scrap for making new casting at ferrous foundry. Total of 186.5 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 4.7 Tonnes of aluminium burr is reused to make Aluminium casting.

As a result of steps taken, your Company avoided 2,379 Tons of CO<sub>2</sub> 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 streetlights 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 980 kWp AC rooftop solar PV plant which was operational at the Saswad facility and 800 kWp solar plants were operational at the Hadapsar facility. Collectively, these plants generated 2658.31 MWh of electricity, fulfilling 15% of the total energy requirement for FY 2025-26.

Additionally, 198kW (AC) rooftop PV power plant installed at Hadapsar and 999kW (AC) rooftop PV power plant installed at Nashik and Actual solar generation will start from FY 2026-27.

#### iii. The capital investment on energy conservation equipments:

Company has made capital investment of ₹ 115.22 Million on energy conservation equipments and technologies adoption for the energy efficiency improvement projects.

## B. TECHNOLOGY ABSORPTION

### i. Efforts made towards technology absorption:

- Development of an oil-free bare screw compressor/expander for cooling application is completed.
- Design and development of a water-injected, air, screw compressor named Hydrino is completed.
- Completed development of the entire Khione series of ammonia screw compressors. Developed an advanced in-house performance prediction platform (SenzAI) to enable intelligent, data-driven enquiry management and accelerate responsive decision-making.
- Developed diesel-portable, screw compressors for mining and drilling purposes. Field trials are completed.
- Prototype manufacturing of the active magnetic bearing refrigerant compressor is currently in progress.
- Initial performance testing of the two-stage, air, centrifugal compressor (A-800) has been completed, further optimization of performance is in progress.
- Development of the KRM-1750, Railway Brake compressor is completed.
- Development of semi-hermetic refrigeration Tyche reciprocating compressors is completed.
- Development of compact & cost effective Gazon series of compressors for gas applications such as biogas and CNG is in progress.
- Development of super premium efficiency Janus-L motors up to 15kW rating is completed. Development of further frames and an electronic drive for these motors is in progress.

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

- The refrigerant centrifugal compressor is being developed to support import substitution and achieve cost reduction.

- The development of oil-free, air, screw compressor/expander and Khione series of refrigeration screw compressors will reduce import dependence.
- Newer markets for the centrifugal compressors are being targeted with the development of two-stage, air, centrifugal compressors (A-800).
- Recently developed Khione series screw compressors are being delivered to a new market of ammonia refrigeration and range extension plans are also in place.
- Recently developed Hydrino Water injected Screw Compressors are being delivered to Pharmaceutical and Food industry applications.
- Recently developed Janus series of high efficiency hybrid motors integrated in air screw compressors up to 15kW are being delivered to the market.

### 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:

₹ 224.27 Million

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings earned during the year: ₹ 1,055.50 Million

Foreign Exchange earnings outgo during the year: ₹ 1,526.68 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 25-26	Ratio of remuneration of each Director/ to median remuneration of employees
1	Mr. Rahul C. Kirloskar, Executive Chairman	0.61	97.50
2	Mr. K Srinivasan, Managing Director <sup>2</sup>	58.60	60.80
3	Mr. Atul Kirloskar, Non-Executive Director	1.85	5.99
4	Dr. Ajay Dua, Independent Director	Nil	3.13
5	Mr. Tejas Deshpande, Independent Director	12.11	3.12
6	Mr. Pravir Kumar Vohra, Independent Director	36.67	2.68
7	Mr. Bimal Manu Tanna, Independent Director	69.07	2.68
8	Ms. Varsha Purandare, Independent Director	NA	1.25
9	Mrs. Nalini Venkatesh, Independent Director <sup>3</sup>	NA	NA
10	Mr. Deepak Bagla, Independent Director <sup>4</sup>	NA	NA
11	Mr. Ramesh Birajdar, Vice President and Chief Financial Officer	60	NA
12	Mr. Jitendra R. Shah, Company Secretary & Head Legal	Nil	NA

Notes:

1. Liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole hence the amount pertaining to Key Managerial Personnel cannot be ascertained separately and hence is not included above.

2. Director and Managing Director upto March 31, 2026

3. Details not given as she ceased to be an Independent Director with effect from July 25, 2025.

4. Details not given as he ceased to be an Independent Director with effect from July 19, 2025.

iii) In the financial year, there was an increase of 2.37% in the median remuneration of employees.

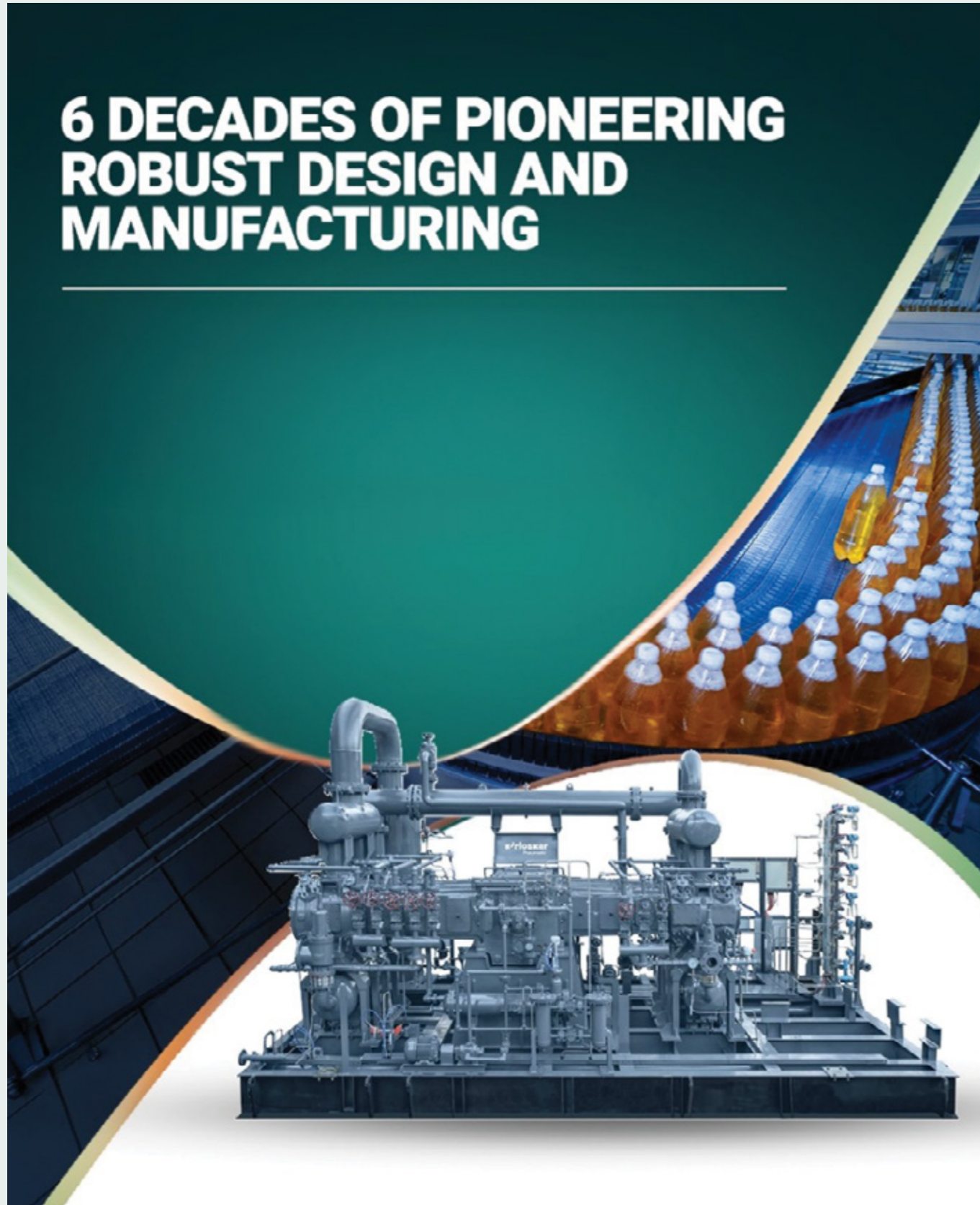
iv) There were 926 permanent employees on the rolls of Company as on March 31, 2026.

v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2025-26 was 8.1% whereas average percentage increase in the managerial remuneration is 15.40 due to increase in the higher remuneration payable to Managing Director for achieving highest ever revenue and profits for the Company.

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

## Management Discussion and Analysis

# 6 DECADES OF PIONEERING ROBUST DESIGN AND MANUFACTURING



### Kirloskar & Manufacturing – a symbiotic relationship

Societal stability and progress are greatly influenced by having a large cross-section of people involved in manufacturing. Today, China, the European Union and the US contribute nearly 28%, 26% and 15% of global manufacturing value, respectively. India is still at less than 3%. Governments and business leaders broadly agree that sustaining a cohesive society requires manufacturing to grow rapidly. We need to create more manufacturing jobs.

Manufacturing in the early years was largely driven by skilled craftsmen and artisans. Ancient civilisations such as the Greek, Roman, Chinese and Indian excelled in this domain, based on individual excellence. Even the word ‘manufacture’ originates from Latin and French, meaning ‘Made by Hand’.

With the Industrial Revolution and extensive mechanisation, manufacturing moved to a more organised team-based activity. This brought in new forms of leadership. It has now evolved further with automation, robotics and autonomous manufacturing systems, taking manufacturing to newer levels with a lower requirement of human effort. GDP growth, wealth creation and energy consumption have all grown exponentially alongside accelerating manufacturing intensity.

At the Kirloskar Group, we have always believed in progress through manufacturing, be it during the struggle for Independence, the early nation-building years or now in the phase of accelerated progress towards a Viksit Bharat by 2047. It is no coincidence that the Group was among the first to manufacture in India, including iron plough, pumps, electric motors, machine tools, diesel engines, specialty compressors and more. We are now in a phase of moving from “Pioneers then; Leaders now!”

### What are the key initiatives we have taken to accelerate this?

#### IP creation

At Kirloskar Pneumatic Company Limited (‘KPCL’), we are filing nearly one IP per week. We have filed / been granted almost 100 IPs in the last couple of years. The process of IP creation is rigorous. We have over 200 engineers across design, engineering and R&D working on this.

#### Working extensively on the Value Chain rather than the Supply Chain

Most businesses focus on improving efficiency by continuously optimising the supply chain. This often results in manufacturing

being shifted to local vendors and eventually, in many cases, to China. This has been a global phenomenon.

At KPCL, we focus on the value chain, what is the value addition at each stage of the product? Can we use science and technology to redesign how products are put together? Can we participate across the value chain? This is where our IPs play a role. An integrated value chain makes us unique and competitive.

#### Engaged and empowered team

At KPCL, we are a team. We work together on our collective vision to build a world-class company delivering world-class products and solutions to our customers. There is a high degree of transparency and ownership across the organisation, driven by a deep sense of values. This makes us predictable and attractive to all stakeholders.

#### We have clear objectives and measures. Some of those are following:

- **Objective:** Increase manufacturing intensity in our business.  
**Measure:** 2% reduction in material cost to sales year on year.
- **Objective:** Business vitality, new product sales as a percentage of overall sales.  
**Measure:** 15% of sales from new products, progressively moving towards 25% definition: products launched in the last 3 years.
- **Objective:** Low environmental footprint, circularity in manufacturing.  
**Measure:** No disposal to landfill or incineration; 20% annual reduction in total waste.
- **Objective:** Increase employment generation while ensuring productivity and efficiency gains.  
**Measure:** Increase in headcount; higher proportion of women employees; output per person to increase 15% annually; mean salary to grow at 1.5 to 2 times inflation while employee cost to sales remains below 11%.

At Kirloskar, we never chose the easy path; we chose the path that is equitable, inclusive and, of course, interesting and exciting. We do not look back smugly at whom we have left behind; we look around with pride at all those we have brought along with us. After all, we are a group with a manufacturing mindset, a mindset of abundance.

**We are a team; we are Kirloskar Pneumatic.**

## Economic review

### Global economic overview and outlook

The global economy in 2025 continued to navigate a complex recovery environment, characterised by moderating inflation, resilient demand in several major economies, and easing monetary pressures. However, growth remained uneven across regions, with weaker trade momentum, subdued manufacturing activity, and policy uncertainty weighing on the overall performance. Entering 2026, global economic conditions have become more challenging amid heightened geopolitical tensions, rising commodity prices, tighter financial conditions, and renewed uncertainty in trade and supply chains.

Growth moderated across major economies and remained below long-term averages, with global GDP expanding by approximately 3.2% in 2025 and projected to remain around 3.1% in 2026, reflecting the cumulative impact of prolonged monetary tightening, subdued productivity gains and uneven demand recovery. Advanced economies continued to exhibit relatively muted growth, while emerging markets maintained comparatively stronger, though moderating, momentum.

Inflationary pressures eased from peak levels but remained relatively sticky in several advanced economies, driven by wage rigidity, energy transition costs and residual supply-side constraints. Central banks largely shifted from aggressive rate hikes to a cautious pause, although policy rates remained relatively elevated for most of the year, continuing to weigh on liquidity and investment activity. As a result, global capital flows and corporate investment decisions remained selective and sensitive to interest rate expectations.

Geopolitical developments emerged as a defining factor influencing economic outcomes. Ongoing conflicts and strategic realignments disrupted trade routes, particularly in energy and critical minerals, contributing to input cost volatility and increased uncertainty in global supply chains. Trade policies also continued to evolve, with rising protectionism, localisation strategies and industrial policy interventions reshaping global value chains. This has led to a structural shift in capital allocation priorities, with resilience, security of supply and regional diversification gaining importance alongside cost efficiency.

From an industrial and engineering perspective, these developments are reshaping global capital expenditure patterns. Investment decisions are increasingly aligned with long-term structural transitions rather than short-term cyclical recovery, including:

- **Energy transition:** Accelerated investments in renewable energy, hydrogen infrastructure, carbon capture and electrification are driving demand for specialised engineering equipment, including compression and process systems.
- **Re-industrialisation in developed markets:** Policy-led manufacturing revival in regions such as the United States and parts of Europe is supporting demand for industrial machinery, automation and process equipment.
- **Infrastructure expansion in emerging economies:** Continued investments across Asia, the Middle East and Africa in energy, transportation and industrial infrastructure are generating sustained demand for engineering-intensive solutions.

Despite these structural tailwinds, near-term risks persist. Global growth remains susceptible to downside scenarios, with projections potentially moderating towards ~3.1% under adverse geopolitical conditions, reflecting heightened uncertainty in energy markets and trade flows. While supply chain disruptions have eased compared to earlier periods, sector-specific bottlenecks continue to affect execution timelines for large-scale projects. Additionally, tighter financial conditions have led to cautious investment behaviour, particularly among small and mid-sized enterprises, potentially moderating the pace of industrial recovery.

Looking ahead, global growth is expected to remain moderate, with uncertainty likely to persist. However, structural drivers—including the adoption of advanced technologies such as industrial automation, digital twins and predictive maintenance, along with increasing emphasis on sustainability—are expected to play a defining role in shaping industrial demand. These shifts are likely to reinforce the importance of energy-efficient, technologically advanced and integrated engineering solutions.

### Indian economy

Amid a complex and evolving global environment marked by geopolitical tensions, trade realignments and supply chain restructuring, India's economic performance remained resilient

during FY 2025–26. While global growth remained uneven and policy uncertainty persisted across major economies, India continued to demonstrate relative macroeconomic stability supported by strong domestic fundamentals and sustained investment activity.

According to the National Statistical Office's Second Advance Estimate, India's real GDP is estimated to have grown at around 7.6% in FY 2025–26, reflecting sustained economic momentum across key sectors of the economy and reinforcing India's position as one of the fastest-growing major economies globally.

Within a fragmented global backdrop, India's growth remained anchored in domestic demand and investment activity. Government capital expenditure continued to play a central role in sustaining economic momentum. The Union Budget FY 2025–26 provided for central government capital expenditure of ₹ 11.2 lakh crore, supporting infrastructure creation across transport, energy, logistics and urban development. This sustained public investment continued to drive demand across capital goods, engineering systems and project-linked industrial sectors.

Industrial activity reflected steady underlying conditions during the year. The Index of Industrial Production indicated periods of strong monthly expansion, including growth of 7.8% in December 2025, reflecting intermittent strength in manufacturing activity, particularly in capital goods and infrastructure-linked sectors. These movements highlight the sensitivity of industrial output to investment cycles and project execution activity.

The eight core industries, which account for around 40.27% of the Index of Industrial Production, recorded a cumulative growth of around 2.9% during FY 2025–26 (provisional), indicating moderate but stable industrial activity. Performance across key sectors such as steel, cement, electricity, coal, refinery products and natural gas remained closely linked to infrastructure development and capital expenditure cycles. These sectors continue to serve as leading indicators of industrial demand conditions and investment intensity.

Private capital expenditure showed gradual and selective improvement during the year. Investment activity remained concentrated in sectors aligned with structural growth drivers such as renewable energy, electronics manufacturing, specialty chemicals, logistics infrastructure and industrial automation. Traditional manufacturing sectors continued to reflect a cautious approach due to global uncertainty and uneven demand visibility.

Against the backdrop of global geopolitical uncertainty and supply chain realignments, India continued to benefit from its position as a structurally important manufacturing and investment destination. While global trade flows and industrial strategies remained influenced by geopolitical fragmentation, India's stable macroeconomic environment, large domestic market and policy support for manufacturing strengthened its attractiveness for long-term capital formation.

Macroeconomic fundamentals remained stable. Corporate balance sheets strengthened further, supported by deleveraging,

improved profitability and healthy cash generation. The banking sector remained well-capitalised, with improving asset quality and steady credit growth, enabling continued transmission of financial resources to productive investment activity.

From a monetary policy perspective, the Reserve Bank of India (RBI) projected real GDP growth at 6.8% for FY 2025–26, reflecting resilient domestic demand despite global headwinds. Monetary conditions remained relatively tight compared to the post-pandemic period, while financial stability and credit transmission remained supportive of economic activity.

Policy initiatives continued to support domestic manufacturing and infrastructure-led growth. The Production-Linked Incentive (PLI) scheme, along with broader reforms aimed at improving the ease of doing business, supported localisation, capacity expansion and technology adoption across key industrial sectors. These measures strengthened India's position in global supply chain realignment.

Over the medium term, India's growth trajectory is expected to remain stable, with gradual normalisation as cyclical factors moderate and global conditions evolve. Structural reforms, digitalisation, improving ease of doing business and continued investments in infrastructure and industrial capacity are expected to support sustained economic expansion.

## Industry overview and business environment

### Global industrial and engineering landscape

The global industrial and engineering sector is undergoing a structural transformation, shaped by evolving demand patterns, technological advancements and sustainability imperatives. While cyclical recovery has supported baseline demand across several markets, the underlying drivers of growth are increasingly linked to long-term transitions rather than short-term economic cycles.

A key shift within the global industrial landscape has been the realignment of manufacturing ecosystems. Companies are actively diversifying supply chains to minimise concentration risks, leading to the emergence of alternative manufacturing hubs. This trend, often referred to as 'supply chain rebalancing' or the 'China Plus One' strategy, is driving incremental investments across regions such as India, Southeast Asia and certain parts of Eastern Europe.

At the same time, the global push towards energy transition continues to reshape industrial demand. The adoption of renewable energy, development of hydrogen ecosystems, expansion of LNG infrastructure and a sharper focus on carbon capture are creating new avenues for engineering companies. Compression technologies, gas handling systems and process equipment are integral to these applications, positioning the sector at the centre of the transition.



Another important trend is the increasing digitisation of industrial operations. The integration of automation, IoT-enabled monitoring systems, predictive maintenance tools and digital twins is enabling companies to boost operational efficiency, reduce downtime and optimise lifecycle costs. This has led to a shift in customer expectations, with greater emphasis on value-added solutions rather than standalone equipment supply.

However, the industry continues to face structural challenges. Input cost volatility, particularly in metals and energy, impacts margins and project economics. Additionally, the complexity of global supply chains, coupled with logistical constraints, has been affecting execution timelines in large-scale projects.

### Indian industrial and engineering sector

The domestic industrial landscape is experiencing a gradual yet steady transformation, supported by policy interventions, sustained infrastructure investments and improving domestic manufacturing capabilities.

The country's emergence as a preferred alternative manufacturing hub, driven by initiatives such as 'Make in India' and PLI schemes, along with continued efforts to improve the ease of doing business, has led to capacity expansions across sectors such as automotive, chemicals, electronics, pharmaceuticals and capital goods.

As a result, the engineering sector, which is closely linked to industrial activity, sees steady momentum. Growth in capital goods and industrial equipment is being driven by a combination of infrastructure development, gradual recovery in industrial capex, and energy transition initiatives.

Infrastructure remains a key catalyst in this segment. Continued government spending on the railways, metro systems, highways, airports and urban infrastructure is generating a strong pipeline

of opportunities for engineering companies. Meanwhile, sectors such as oil and gas, steel, cement and power continue to require specialised equipment and solutions, including compressors and refrigeration systems. However, private sector capex remains selective and demand-driven, with relative strength in railways, defence and road infrastructure.

India's energy mix is also evolving. While renewable energy capacity is expanding rapidly, natural gas continues to face short-term uncertainties in pricing and availability, impacting investment decisions in upstream and midstream segments, although it remains a long-term transition fuel.

Cold chain infrastructure is emerging as a critical enabler of India's food processing and supply chain ecosystem. Increasing consumption, changing dietary patterns and the need to reduce post-harvest losses are leading to investments in refrigeration infrastructure. This segment has seen strong traction across dairy, fisheries, ice plants and cold chain logistics.

Despite these growth drivers, several challenges persist. Competitive intensity is increasing, and capital expenditure cycles remain uneven across sectors. The oil and gas sector remained subdued during the year, with investment activity in India and the Middle East remaining weak, resulting in delayed order finalisations.

The sector is also transitioning towards higher efficiency and environmentally compliant solutions, driven by regulatory requirements and shifting customer preferences. This is especially relevant for compression and refrigeration systems, where energy efficiency is a key determinant of operating costs.

### Company overview

KPCL operates as a diversified engineering company with a strong presence in compression and refrigeration technologies. Over the years, KPCL has built robust capabilities across design, manufacturing and servicing of complex engineering systems, catering to a wide range of industrial applications.

The Company has been steadily transitioning from a project-heavy business model to a more product and equipment-led organisation, which is expected to reduce business lumpiness going forward.

The Company's Compression business portfolio is structured across three businesses :

- Air Compressor Business
- Refrigeration Business
- Process Gas Business

Each business serves distinct end-user industries while leveraging shared engineering expertise, manufacturing infrastructure and technological platforms.

The Company specialises in application-driven engineering, creating solutions that are tailored to meet specific customer requirements rather than offering standardised products. This enables KPCL to cater to complex and critical applications across sectors such as oil and gas, petrochemicals, power, steel, food processing and pharmaceuticals.

A key differentiator is the Company's ability to deliver integrated solutions across the value chain, from design and manufacturing to installation and lifecycle support. This positions the Company as a long-term solutions partner rather than a standalone equipment supplier.

In recent years, KPCL has diversified its portfolio, improved operational efficiencies and enhanced execution capabilities. Targeted investments in technology, manufacturing processes and digital systems have supported these developments.

The Company also stays abreast of emerging industry trends, particularly in areas such as energy efficiency, sustainability and advanced engineering solutions. Its focus on developing high-efficiency systems, supporting energy transition-led applications and fostering environmental stewardship across operations reflects its forward-looking approach.

## Segment performance overview

Compression Segment is a major segment and within that the three core compression businesses provide a diversified performance base, each subject to distinct industry drivers. While macro-industrial growth underpins overall momentum, segment outcomes are determined by specific trends in energy markets, infrastructure development and industrial investments.

### Air compressor business

#### Industry context and demand drivers

The air compression segment is closely aligned with overall industrial activity and serves as a fundamental component across manufacturing processes. Compressed air is widely used in sectors such as automotive, engineering, textiles, cement, steel and general manufacturing, making demand highly correlated with industrial output.

In the current environment, demand for air compression systems is being supported by a gradual recovery in industrial capex, expansion in manufacturing activities and ongoing modernisation across industries. As manufacturing systems evolve, there is a clear shift towards advanced compression solutions that deliver higher efficiency, reliability and lower lifecycle costs.

Energy efficiency remains another growth driver. Given that energy consumption constitutes a significant share of operating costs in compressed air systems, customers are increasingly prioritising solutions that optimise power usage. This is accelerating the

### Key developments of FY 2025-26

- During the year, KPCL strengthened its manufacturing and in-house value chain capabilities through investments in hydrocarbon-free forging, stabilisation of lost foam casting for critical compressor parts, and establishment of a specialty motor plant for in-house development of Tyche semi-hermetic compressors. These initiatives are aimed at improving localisation, cost efficiency and execution capability.
- On the product front, new offerings such as Tezcatlipoca centrifugal compressors and Khione systems scaled up meaningfully, reinforcing the Company's shift towards advanced and differentiated engineering solutions.
- The Company continued to expand its digital transformation agenda, deploying Industry 4.0 and AI-based systems across HR, proposal generation and product selection, thereby improving operational efficiency and decision-making.

adoption of technologically advanced compressors with improved efficiency parameters.

Additionally, the integration of automation and digital monitoring systems is gaining traction. Customers are seeking solutions that enable real-time oversight, predictive maintenance and remote diagnostics, enhancing system reliability and reducing downtime.



### Business performance and operational highlights

The Company's air compression business continues to benefit from its established presence across industrial sectors and its ability to offer customised solutions.

During the reporting period, performance was supported by steady demand from core industries and selective growth in new applications. The Company has maintained its focus on improving product mix, with an emphasis on higher-value and technologically advanced systems.

Operationally, emphasis has remained on scaling manufacturing efficiency, streamlining supply chains and optimising costs. These efforts have strengthened execution capabilities and responsiveness to customer requirements.

The Company also continued to expand its aftermarket services, recognising the importance of lifecycle support in building long-term customer relationships. Service offerings, including

maintenance contracts and spare parts supply, continue to play a critical role in the segment's overall performance.

#### Strategic focus areas

Looking ahead, the Company will continue to prioritise the following:

- Enhancing product efficiency and technological capabilities
- Expanding presence in high-growth industrial sectors
- Strengthening service and aftermarket offerings
- Leveraging digital solutions to improve customer experience

### Refrigeration business

#### Industry context and demand drivers

The refrigeration segment is driven by demand across food processing, cold chain logistics, pharmaceuticals, chemicals and

infrastructure applications, where temperature control is critical for ensuring product quality, safety and process efficiency.

In India, the refrigeration industry is witnessing strong growth, supported by increasing consumption, urbanisation and the need for efficient supply chains. Expansion of organised retail, surge



in processed food consumption and higher exports of perishable goods are driving investments in cold chain infrastructure.

The pharmaceutical sector is another key demand driver in this segment, particularly for applications requiring precise temperature control. Additionally, industrial refrigeration systems are widely deployed in chemical and petrochemical processes.

A defining trend in this segment is the shift towards eco-friendly refrigerants and energy-efficient systems. Regulatory requirements and sustainability considerations are driving the adoption of solutions that minimise environmental impact while maintaining operational efficiency.

### Business performance and operational highlights

The Company's refrigeration business demonstrated steady performance during the year, supported by demand across multiple end-user industries.

Order inflows were driven by food processing, cold chain and industrial applications, with continued emphasis on delivering customised, application-specific solutions. The Company's ability to address varied customer requirements remains a key strength in this segment.

Operational improvements, including better project execution and supply chain management, have supported timely delivery and enhanced customer satisfaction.



The Company has also expanded its capabilities in handling complex, large-scale projects, further strengthening its positioning in high-value industrial refrigeration applications.

#### Strategic focus areas

The Company's approach in the refrigeration segment entails:

- Expanding presence in cold chain and food processing sectors
- Strengthening capabilities in industrial refrigeration
- Focusing on sustainable and energy-efficient solutions

### Process gas business

#### Industry context and structural drivers

The gas compression segment operates at the intersection of energy, infrastructure and industrial processes, making it a strategically significant part of the engineering landscape. Demand in this segment is closely linked to developments in oil & gas, petrochemicals, refining, fertilisers, city gas distribution and emerging energy ecosystems such as hydrogen.

During the year, the segment experienced a pronounced slowdown in order finalisation, with negligible major project awards across upstream, midstream and downstream oil and gas segments.



Investment activity in both India and key export markets such as the Middle East remained subdued for a large part of the because of the volatile geopolitical situation in the region. This led to weak visibility in this segment.

The global energy landscape is undergoing a gradual transition towards cleaner and more sustainable sources. However, this shift is not linear. Natural gas continues to play a pivotal role as a bridge fuel, balancing energy security while enabling a lower carbon footprint compared to conventional fuels. This has led to sustained investments across the gas value chain, including exploration, production, transportation, storage and distribution. Compression systems are integral to each of these stages, ensuring efficient handling and movement of gases under varying pressure conditions.

In India, the government's focus on increasing the share of natural gas in the energy mix has resulted in the expansion of City Gas Distribution (CGD) networks, development of LNG infrastructure and increased industrial gas applications. These initiatives are creating long-term demand visibility for gas compression solutions.

However, distribution-led demand was impacted during the year due to uncertainty in gas availability and pricing, which affected decision-making and project conversion cycles.

Additionally, sectors such as refining, petrochemicals and fertilisers continue to require high-performance compression



systems for critical processes. The complexity and scale of these applications require advanced engineering capabilities, reliability and adherence to stringent safety standards.

An emerging opportunity within this segment is the development of hydrogen infrastructure. As industries explore decarbonisation pathways, hydrogen is gaining prominence as a clean energy carrier. This is likely to create demand for specialised compression systems capable of handling hydrogen and related gases.

During the year, KPCL secured a notable order for a 1,000-bar Hydrogen Refuelling Station (HRS), marking an important milestone in its participation in new energy applications. Interest in biogas-related applications is also increasing, supported by the Company's full product portfolio in this space.

Despite these growth drivers, the segment remains subject to cyclical factors such as volatility in oil prices, fluctuations in energy sector capex and geopolitical developments, which can impact project pipelines and investment decisions.

### Business performance and operational highlights

The Company's gas compression business remains an integral aspect of its operations, underpinned by proven engineering capabilities and experience in delivering complex, customised solutions for diverse applications.

During the year, performance was weak due to the absence of major order inflows, particularly from oil and gas and related industrial gas projects. The year was characterised by limited project finalisation activity across key geographies.

While opportunities in CGD and LNG infrastructure continue to build, conversion cycles remain project-driven and elongated.

A key differentiator for the Company is its ability to deliver application-specific solutions that meet the unique requirements of each project. This includes designing systems that operate

across diverse pressure conditions and handle different types of gases, all while adhering to stringent safety and reliability requirements.

On the operational front, the Company continued to emphasise enhancing its project execution capabilities, mitigating supply chain challenges and streamlining manufacturing processes. Given the complexity and scale of projects in this segment, disciplined execution is critical for cost control and timely delivery.

The Company expanded its aftermarket and service offerings, recognising the importance of long-term support in this segment. Maintenance, refurbishment and performance optimisation services are strengthening customer relationships and driving repeat business.

### Strategic positioning and growth outlook

The Company's strategy in the gas compression segment is aligned with long-term trends in the energy sector.

It continues to strengthen its presence in natural gas infrastructure, particularly CGD and LNG-related applications, which are expected to remain key demand drivers as India expands its gas network.

Simultaneously, KPCL is exploring opportunities in emerging energy segments, particularly hydrogen and other low-carbon applications. This involves developing capabilities to handle new types of gases and adapting existing technologies to meet evolving requirements.

The segment is expected to benefit from a gradual recovery in global energy markets, particularly as geopolitical conditions stabilise and reconstruction/rebalancing activity emerges in global energy infrastructure.

The Company is also building on its engineering capabilities, improving product reliability and expanding its technological portfolio. Investments in design and development, coupled with process improvements are expected to support this objective.

Sustained investments in conventional energy infrastructure and incremental opportunities arising from the energy transition augur well for this segment's long-term growth.

### Other business

#### Industry context and demand drivers

The industrial gear and gearbox market is a critical, mature sector poised for steady growth. This sector is driven by industrial automation, infrastructure development (including steel, cement, power and sugar) and increasing demand for energy-efficient solutions. Driven by automation, manufacturing, and energy sectors (wind power), the industry is focusing on high-precision planetary units, predictive maintenance via IoT, and material efficiency. The market is a mix of established international players and local manufacturers offering customized solutions.

Key growth factors include localisation of production and high aftermarket demand for repair and modernization.

### Business performance and operational highlights

The transmission business comprises railway gears and pinions, rail equipment, rail traction gears, railway spares, high-speed gearboxes, windmill gearboxes, custom-built gearboxes, marine gearboxes, and precision component manufacturing, including in-house forging, casting, machining, and heat treatment. This business also handles applications ranging from sub-megawatt to higher megawatt power and renewable energy sectors (such as wind and hydro turbines). During the year, your Company developed cooling tower gearboxes and hot melting pot hoist gearboxes. Further, your Company achieved ₹ 1154.90 Million from the transmission business during the year.

### Strategic focus areas

The Company's approach in the transmission business entails:

- Capacity Building for gears and pinions / utilization of in-house forging and normalizing facility of gears and pinions
- Design optimization of Industrial gearboxes
- Publicity and brand awareness



### Financial and operational performance overview

During the year under review, your Company achieved a sale of ₹ 17,592.26 Million as compared to ₹ 16,286.27 Million in the previous year, a growth of 8%. The growth in sales was mainly driven by higher domestic sales. The profit before tax grew from ₹ 2,806.53 Million to ₹ 3,422.33 Million, a growth of 22%. All businesses, air, refrigeration and gas compressors and compression systems

did very well thereby your Company had all round growth during the year.

The EBITDA in the current year is at 21.7% of total sales compared to 18.9% in the previous year.

The Company has no loans, neither term loans nor working capital loans. It is a debt-free Company. Financial charges are paid to banks for services not related to any borrowings. The ratio of net working capital-to-sales improved to 11.40% from the previous year's 14.40%, improvement is driven by higher customer advances and more favourable payment arrangement with suppliers. Receivables have slightly increased by a day from 89 days to 90 days primarily due to elevated Q4 sales. Your Company had a net cash position of about ₹ 4,600 Million as on March 31, 2026, after paying final dividend of the previous year and interim dividend declared in the reporting year apart from the capex.

During the year, there were no significant variations (i.e. change of 25% or more as compared to the immediately previous financial year) in the key financial ratios such as Debtors Turnover, Inventory Turnover, Current Ratio, Interest Coverage Ratio. The Operating Profit Margin was improved to 21.7% from 19% and the Net Profit Margin was also improved to 14.5% from 12.8% as compared to previous year mainly due to execution of large packages and enhancement of export sales in the reporting year. As on the Balance Sheet date, your Company does not have any debt. As such Debt Equity Ratio is zero and variance to previous period is not applicable. As on March 31, 2026, the Company's return on net worth improved to 23.74% as compared to 23.36% in the previous financial year resulting from increase in profit for the year.

**Dividend at the rate of 600% for the financial year ended on March 31, 2026, which is the highest in any financial year. Your Company as a commitment to Environmental, Social and Governance (ESG), all our three factories have started using the solar energy to the extent of 15% of the total consumption.**

### Technological overview

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

During the year, the Company received 11 IPs, filed 46 IPs, presented 4 papers at international conferences, and recorded 8 international publications, as per the details below:

Particulars	Filed in 2025-26	Granted in 2025-26
Patents	14	1
Design	5	8
Trademarks	27	2
Research Publication in International Forum	8	

## Expanding the portfolio through innovation

Over the past few years, the Company has introduced a range of products aligned with evolving customer needs and emerging applications:

- Tyche Semi-Hermetic Reciprocating Compressor
- Cooling Tower Gearbox
- Jarilo range Biogas Compressor
- Khione Refrigeration Compressor
- Tezcatlipoca Centrifugal Compressor
- Calana Hydraulic Booster Compressor
- Aria Range Air Compressor

## Value chain advantages

The Company's comprehensive range of in-house capabilities delivers notable advantages across its value chain. This is demonstrated by its backward integration into forging facility for steel components, foundry which produces cast iron, SG iron and aluminium alloys and its extensive fabrication plant, facilitating the creation of base frames, pressure vessels and a diverse array of other structure.

## Internal control and adequacy

The Company has an Internal Control System, which is proportionate to the size, scale and complexity of its operations. All the internal controls are designed in a way which are well aligned with the evolving business needs, objectives and overall strategic direction.

Internal control systems are deployed to ensure the reliability of financial reporting, safeguard assets and promote operational efficiency. These systems are supported by internal audits, process reviews and compliance mechanisms.

The Audit Committee and the Board decided the scope of the internal audit. To maintain its objectivity and independence, an external auditor has been appointed by the Board, who reports to the Audit Committee of the Board at regular intervals.

The efficiency and adequacy of internal control systems in the Company is monitored and evaluated by the auditors, who ensure its compliance with operating systems, accounting procedures and policies for various functions of the Company. Based on this report, process owners undertake corrective actions in their respective areas and thus, strengthen the controls further. The observations, along with the corrective measures are then periodically presented to the Audit Committee of the Board.

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.

## Risk and concern

Operating in a dynamic business environment, the Company is exposed to risks stemming from both external and internal factors. Effective risk management is therefore integral to ensuring sustainable growth and operational stability.

Key risks faced by the Company are:

- **Market and demand risks**, arising from fluctuations in industrial activity and capital expenditure cycles
- **Input cost risks**, particularly related to volatility in raw material prices
- **Execution risks** associated with large and complex projects
- **Regulatory and compliance risks**, driven by evolving policies and standards
- **Technology risks**, linked to changing customer requirements and industry advancements

The Company has a robust risk management framework to identify, assess and mitigate these risks. This includes regular monitoring of key risk indicators, implementation of control measures and periodic review by management.

Recognising the critical role of a strong risk management framework, the Company proactively addresses potential risks in a systematic manner. Understanding its exposure to various economic, legal, sectoral, ESG, human resource and operational factors inherent in its business, the Company employs a comprehensive risk management process. This process ensures ongoing awareness of risks related to product supply and project execution. Divisional risk management provides input to create a company-wide risk management matrix. A dedicated Risk Management Committee analyses the potential risks and formulates mitigation strategies.

The Board and senior management continue to provide oversight on risk management ensuring closer alignment with the Company's strategic objectives.

## Safety, health and environment

The Company prioritises safety, health and environmental sustainability through a range of initiatives. Regular safety audits and monthly monitoring ensure adherence to safe working practices, supported by a comprehensive safety organisation.

Periodic health checks and counselling sessions promote employee well-being, whereas virtual and physical awareness sessions foster a culture of healthy living and safe working conditions in the organisation. Flexible working hours and additional off-days contribute to a healthy work-life balance. The strict PPE policies, work permit systems and regular safety training ensure the safety of all employees. The Company's commitment to emergency preparedness is evident through organisational-level response plans and regular drills. Additionally, employee training on Company values, code of conduct and human rights awareness underscores the Company's dedication to a safe, healthy and ethical work environment. The Company is one of the selected 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. Your Company is committed to comply with all statutory and regulatory requirements. Your Company has been making efforts in building awareness among employees, suppliers and service providers.

Your Company has given a lot of attention to improving greenery all around its manufacturing plants. Energy conservation initiatives, safety initiatives and quality initiatives are being taken on a regular basis to ensure sustainability.

## Corporate social responsibility

Inspired by the vision of the founder, Late Shri S. L. Kirloskar, the Company's CSR initiatives continue to focus on Education, Environment, and Health. CSR programmes are systematically planned, executed, monitored, and evaluated.

The Company contributed ₹ 5 Million to Kirloskar Institute of Management to support higher education for benefiting 195 students.

Under the Bharari Initiative, 944 students from 6 schools in the vicinity of the Saswad and Hadapsar plants were supported through life skills training, counselling, psychological assessments, and academic development programmes. Teacher training was also conducted, with 14 teachers from these schools participating.



The KaShi (Kanya Shiksha) initiative continued to support education for girl students, benefiting 45 students across multiple states.

The Relashani Programme expanded its reach to 2,870 students across 15 institutions (11 schools and 4 colleges), delivering structured workshops on adolescent mental health and well-being.

The Company supported 151 students under youth skilling programmes at 3 NTTF centres (Bengaluru, Pune, and Dharwad), with continued emphasis on gender diversity and inclusion. All students successfully completed the course, and 100% were placed across different industries.

The contribution to Kirloskar Institute of Management for higher education benefited 207 students and faculty members.

Environmental awareness initiatives under Green Vasundhara reached 55,000+ beneficiaries, including students, teachers, and parents, through activities such as workshops, competitions, and festivals.

## People processes and systems

KPCL has been recognised with the prestigious Golden Peacock HR Excellence Award 2025, organised by the Institute of Directors (IOD), India, for its human-centric approach and strong people practices. This recognition reflects the Company's robust focus on capability development, leadership development, employee engagement and well-being, communication, and a rewarding workplace culture.

During the year, the organisation's priorities included functional capability building, employee connect across locations, succession planning, and leadership development for critical roles. The year began with clearly defined goals and priorities for each vertical within the HR function.

During the year, the Company delivered 6,200+ training man-days, covering more than 90% of the workforce through 150+ learning initiatives. Learning and development programmes aligned to strategic objectives were designed and implemented during the year. These included the senior leadership development

programme, sales mastery, product knowledge training series, wellness awareness series, focused learning interventions at regional offices, Campus to Corporate programmes for budding engineers, supervisor development programmes, Finance for Non-Finance, team building initiatives, leadership and managerial effectiveness programmes, HR capability development programmes, personal effectiveness sessions, and several behavioural training programmes.

Strategic structural changes were also undertaken during the year to create greater synergy across operations and business teams. In addition, 4,400+ rewards were conferred through various reward schemes. The Company also ensured 100% legal compliance with all applicable labour and factory statutory requirements.

IMS audits and certifications were completed during the year. The Company continued to invest in its participative culture through leadership addresses, HR regional connect programmes, Project Foresight, reward and recognition sessions, Sudnyan knowledge-sharing initiatives, 5S, Kaizen, and cross-functional teams. The Company also participated in national competitions and won several awards.

## Values

The values of KPCL continue to guide the organisation towards sustainable success. These simple yet effective principles help employees progress towards their goals while remaining rooted in the Company's six fundamental values.

## Human resource and industrial relations

KPCL prioritises equal opportunity in recruitment, aligning manpower requirements with business goals and organisational culture. Multiple hiring channels, including job portals, employee referrals, and campus recruitment, are utilised to attract talent. Employee training needs are identified annually, and tailored programmes are implemented to upskill the workforce.

The Company also runs structured leadership development programmes across levels, including ARCHON – Senior Leadership Development Programme, First-Time Managers Development Programmes, Frontline Manager Development Programmes, and Campus to Corporate sessions.

The Company fosters employee engagement through a structured reward and recognition framework linked to individual and team performance. Grievance redressal mechanisms and employee well-being measures, including health checks and flexible working hours, remain integral to the people agenda. Overall, KPCL continues to build a proactive, inclusive, and supportive workplace culture.

The Human Resources function at KPCL is driven by the mission “To be an employer of choice.” The Company focuses on the entire employee life cycle, ensuring timely interventions that help build meaningful and long-term careers.

## Recruitment and staffing

In line with business growth, the Company continued to focus on hiring capable managers with relevant experience to fill key vacancies. A robust recruitment and human resource management process is in place and is regularly refined based on employee feedback. New employees are selected through a rigorous process to ensure the right fit. With projected business growth, additional engineers are being trained to drive higher levels of operational efficiency.

The annualised attrition rate for FY 2026 stood at 9.0%, which remains favourable compared with similar industries. The Company also continues to simplify internal processes through collaboration between HR process owners and cross-functional teams.

## Career planning

The Company recognises the importance of clear career pathways for aspiring managers. Accordingly, critical role holders are identified through the succession planning process. Identified high-potential employees underwent customised aptitude and behavioural assessments, followed by individual development plans to support their future growth journey within the organisation.

## Learning and development

Learning and Development remains a strategic priority at KPCL. During FY 2026, average training hours translated to 5.3 days per employee, which compares favourably with similar industries. More than 90% of employees underwent at least one training programme during the year.

Several employees also contributed as internal trainers, sharing domain knowledge across the organisation. This initiative fosters a culture of collaborative learning and encourages wider participation in internal capability building.

The Company also introduced LinkedIn Learning during the year to enhance employee learning experiences through self-paced skill development. In addition, a new Learning Management System (LMS) was implemented and integrated with organisational competencies and assessments. Based on these assessments, personalised learning pathways and development opportunities will be created to support focused capability building aligned with organisational goals.

The Company also undertook the Senior Leadership Development Programme, followed by individual coaching and development plans. This has supported seamless succession planning, with a new set of leaders assuming higher responsibilities to drive future growth. The Company remains committed to grooming future leaders.

## Rewards and recognition

KPCL recognises that employee motivation is central to sustained success. The Company operates both monetary and non-

monetary recognition programmes. Employees are recognised every quarter for outstanding contributions through awards such as Star of the Month, spontaneous awards, and team rewards presented by senior management.

The Company has continued to emphasise performance differentiation to motivate high-potential and high-performing employees, who form part of the future talent pipeline for key roles. During the year, a grand Annual Reward and Recognition ceremony was also organised to celebrate employee achievements and improvement projects.

## Workplace culture and ethics

The Company has established mechanisms to foster a positive workplace environment free from harassment of any nature. A robust Prevention of Sexual Harassment (PoSH) framework is in place to address workplace complaints with confidentiality and protection against retaliation.

Kirloskar group companies have also adopted a common whistleblower policy, supported by an ethics hotline that provides employees with a trusted platform to report discriminatory or unethical behaviour.

## Communication and employee connect

The Company continues to encourage transparent and company-wide communication. Employee dialogue is maintained throughout the year through quarterly performance sessions, the in-house magazine Impeller, and the intranet platform Shashwat.

Dedicated HR Connect sessions titled Samanvay were conducted across regions. Under this initiative, the HR team visited regional offices to strengthen awareness and adoption of HR practices, while gathering employee feedback for continuous improvement.

The Company also undertook focused internal and external communication initiatives through a revamped house magazine, enhanced HR space on the intranet, wall and table calendars, quarterly leadership addresses, and reward and recognition sessions. The renewed marcom approach contributed to a significant rise in social media followers. On average, the Company released 7 social media posts per month and 300+ internal communications highlighting key developments across the organisation.

## Sustainability and esg initiatives

Sustainability is increasingly becoming a core consideration for engineering and industrial companies, influencing both operations and product offerings. The Company is committed to integrating sustainability into its business practices, with a focus on environmental responsibility, social impact, and governance standards.

Committed to environmental stewardship, the Company is striving to optimise energy efficiency, reduce emissions, and enhance resource utilisation across its operations. Product development

efforts are also aligned with sustainability goals, with a focus on creating energy-efficient and environmentally compliant solutions. On the social front, the Company continues to undertake initiatives aimed at community development, employee welfare, and stakeholder engagement. Strong governance practices underpin the Company's operations, ensuring transparency, accountability, and ethical conduct across the organisation.

## Outlook

The Company's outlook remains promising, supported by a growing Indian economy, steady domestic demand, rising infrastructure investments, and improving industrial activity. This provides a favourable environment for the Company.

Within this context, the Company is well positioned to benefit from:

- Growth in manufacturing and industrial activity
- Expansion of infrastructure and energy projects
- Increasing focus on energy efficiency and sustainability
- Emerging opportunities in new energy segments

Each of the Company's business segments is aligned with these broader trends, providing a diversified platform for growth.

However, the outlook is not without challenges. Global uncertainties, input cost volatility and competitive pressures will persist. The Company's ability to navigate these challenges while capitalising on opportunities will be critical.

Going forward, the Company will continue to focus on:

- Strengthening its core businesses
- Enhancing technological capabilities
- Improving operational efficiency
- Expanding into high-growth areas

With a strong foundation and a clear strategic direction, the Company is positioned to deliver sustainable and long-term growth.

## Cautionary statement

This Report contains statements relating to future business developments and economic performance that may constitute 'forward-looking statements'. While these forward-looking statements represent the Company's judgment and future expectations, a number of factors could cause actual developments and results to differ materially from such 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 judgment in assessing the various risks associated with the Company and the effectiveness of the measures being taken by the Company to address them, as those enumerated in this Report are based on Management's current perceptions.

## 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 2025-26.

### 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.

The Company as a part of Kirloskar Group is committed to maintain high standards of Corporate Governance. To us, Corporate Governance means conduct of business with transparency, accountability and business prosperity with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of all other stakeholders as well.

To take it further, the Company also has a Kirloskar's Ethics Helpline to encourage employees to act with integrity and honesty and report any cases of unethical behaviour. By maintaining the highest standards of ethical conduct, the Company can ensure to be a leader in the industry and trusted partner to the customers. Invariably, as a group, we are committed to upholding the highest standards of ethical conduct in all our business practices.

### 2. GOVERNANCE STRUCTURE AND DEFINED ROLE AND RESPONSIBILITIES:

Company's governance structure comprises of Board of Directors, Committees of the Board and the Management.

### 3. BOARD OF DIRECTORS:

The Board of Directors have the responsibility of ensuring effective management, long term business strategy, general affairs, performance and monitoring the effectiveness of the Company's Corporate Governance practices. The Managing Director reports to the Board and is in charge of the management of the affairs of the Company, executing business strategy in consultation with the Board and achieving annual and long term business goals.

#### i. Composition and Category of Directors:

The composition of the Board of your Company is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI LODR Regulations, 2015'). The Executive Chairman of your Company, though a Professional Director in his individual capacity, is a Promoter and the number of Non-Executive and Independent Directors is more than one-half of the total number of Directors. The Board of Directors of the Company represents an optimum mix of professionalism, gender, knowledge and experience, comprising of Executive, Non-Executive and Independent Directors. The Chairman is an Executive Director.

#### During the reporting year:

At the beginning of the year, there were Nine Directors consisting of Six (67%) Non-Executive & Independent Directors including a Woman Director in terms of SEBI LODR Regulations, 2015, One (11%) Non-Executive & Non-Independent Director and Two (22%) Executive Directors.

#### During the year:

- i. A Non-Executive and Independent Director was inducted on the Board.
- ii. A Non-Executive and Independent Director has joined the Government of India and to avoid any potential conflict of interest, has resigned from the Board of the Company.
- iii. A Non-Executive & Independent Director ceased to be Director upon completion of his second term as Independent Director.
- iv. A Non-Executive & Independent Director continued his second term on the Board.

The details of the same are mentioned in the Directors' Report.

Thus, there are Eight Directors as on March 31, 2026 consisting of five (63%) Non-Executive & Independent Directors including a Woman Director in terms of SEBI LODR Regulations, 2015, One (12%) Non-Executive & Non-Independent Director and Two (25%) Executive Directors. The Company has two-third Directors who are liable to retire by rotation out of total Directors excluding Independent Directors. All the Directors serving on the Board had approval of the shareholders in terms of Regulation 17(1D) of SEBI LODR Regulations, 2015.

The Executive Chairman is brother of Non-Executive & Non-Independent Director on the Board, and both are Promoters of the Company.

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](http://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/3010307/3499886/Familiarization+Program.pdf/28c66a9a-f08e-3ab5-b822-618014cd2e41?t=1777132739352>

#### iii. Meeting(s) of Independent Directors:

Pursuant to Schedule IV of the Companies Act, 2013, SEBI LODR Regulations, 2015 and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a financial year, without the attendance of Non-Independent Directors.

As per the recent amendment in the discretionary requirements of SEBI LODR Regulations, 2015, the Independent Directors shall endeavour to hold at least two meetings in a financial year, without the presence of Non-Independent Directors.

Two Separate meetings of Independent Directors in compliance with Schedule IV of the Companies Act, 2013 and SEBI LODR Regulations, 2015 were held during the year. The said meetings were held on April 24, 2025 and October 28, 2025.

#### iv. Confirmation on declarations given by Independent Directors:

The Board of Directors confirm that, in the opinion of the Board, Independent Directors fulfil the conditions specified in the SEBI LODR Regulations, 2015 and they are Independent of the management.

#### v. 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](http://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 March 31, 2026. A declaration to this effect signed by the Managing Director has been incorporated in the Annual Report.

#### vi. Number of Meetings (Board & Annual General Meeting) and Director's attendance record:

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 March 31, 2026, 5 (Five) Board Meetings were held. The attendance of the Directors was as follows:

Director(s)	April 24, 2025	July 22, 2025	October 28, 2025	January 23, 2026	March 4, 2026
Mr. Atul Kirloskar	✓	✓	-	✓	✓
Mr. Rahul C. Kirloskar	✓	✓	✓	✓	✓
Dr. Ajay Dua	✓	✓	✓	✓	✓
Mr. Bimal Tanna	✓	✓	✓	✓	✓
Mr. Pravir Kumar Vohra	✓	✓	✓	✓	✓
Mr. Tejas Deshpande	✓	✓	✓	✓	✓
Mr. K Srinivasan (Upto March 31, 2026)	✓	✓	✓	✓	✓
Ms. Varsha Purandare (w.e.f. April 24, 2025)	✓	✓	-	✓	✓
Mrs. Nalini Venkatesh (Upto July 24, 2025)	✓	✓	NA	NA	NA
Mr. Deepak Bagla (ceased w.e.f. July 19, 2025)	✓	NA	NA	NA	NA

The Annual General Meeting ('AGM') of the Company was held on July 22, 2025. All the Directors were present and attended the AGM.

#### vii. Core skills/expertise/competencies:

The Company has in place the skill matrix for evaluation of Directors. The table below summarizes core skills/expertise/competencies identified by the Board of Directors as required and available with the Board in the context of business of the Company for its effective functioning and the name of the Directors who have such skills/expertise/competencies are as follows:

Director(s)	Skills								
	Strategy & Strategic Planning	Corporate Governance	Business Acumen	Leadership	Industry Knowledge	Financial Skills	Technology	Legal & Regulatory Knowledge	Environment
Mr. Atul Kirloskar	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Rahul C. Kirloskar	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Ajay Dua	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Bimal Tanna	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Pravir Kumar Vohra	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Tejas Deshpande	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Varsha Purandare	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. K Srinivasan	✓	✓	✓	✓	✓	✓	✓	✓	✓

#### viii. Details of Directorships and Committee Memberships held:

The details of Directorships and Committee Memberships/Chairmanships are as follows:

Name of the Director and Position	Directorship held in Indian Public Limited Companies (Including KPCL) <sup>1</sup>	Name of other Directorship in Listed Companies as on March 31, 2026		Committee Position <sup>2,3</sup> (including KPCL) as on March 31, 2026	
		Name of the Company	Category of Directorship	Member	Chairperson
<b>Non-Executive &amp; Independent Directors</b>					
Dr. Ajay Dua (DIN: 02318948)	1	-	-	1	0
Mr. Bimal Tanna (DIN: 06767157)	8	Jio Financial Services Ltd.	Independent Director	8	4
		Kalpataru Projects International Ltd.			
		International Gemological Institute Ltd.			
		Jio Credit Ltd. (Formerly Jio Finance Ltd.)			
Mr. Pravir Kumar Vohra (DIN: 00082545)	4	IDFC First Bank Ltd.	Independent Director	4	0
		Kirloskar Ferrous Industries Ltd.			
Mr. Tejas Deshpande (DIN: 01942507)	2	-	-	3	0
Ms. Varsha Purandare (DIN: 05288076)	6	The Federal Bank Ltd.	Independent Director	6	4
		Tata Motors Ltd. (Formerly TML Commercial Vehicles Ltd.)			
<b>Non-Executive &amp; Non-Independent Directors</b>					
Mr. Atul Kirloskar <sup>4,5</sup> (DIN: 00007387)	4	Kirloskar Industries Ltd.	Chairman (Non-Executive Non-Independent Director)	0	0
		Kirloskar Oil Engines Ltd. (Upto close of working hours of March 31, 2026)			
<b>Executive Directors</b>					
Mr. Rahul C. Kirloskar <sup>4,5</sup> (DIN: 00007319)	6	Kirloskar Ferrous Industries Ltd.	Chairman (Non-Executive Non-Independent Director)	3	1
		Kirloskar Industries Ltd.	Non-Executive Non-Independent Director		
		Kirloskar Oil Engines Ltd.			
Mr. K Srinivasan <sup>6</sup> (DIN: 00088424)	2	Aspinwall and Company Ltd.	Independent Director	0	0

#### Notes:

- KPCL means Kirloskar Pneumatic Company Ltd.
- Excluding Private, Foreign and Section 8 Companies.
- For this purpose, only Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Public Ltd. Companies are considered.
- Promoter Directors.
- Mr. Rahul C Kirloskar, Executive Chairman and Mr. Atul Kirloskar, Director are brothers and related to each other.
- Mr. K Srinivasan was Director and Managing Director upto March 31, 2026.
- Mr. Deepak Bagla (DIN: 01959175) attended 1(One) Board Meeting.
- Mrs. Nalini Venkatesh (DIN: 06891397) attended 2(Two) Board Meetings and AGM of the Company held on July 22, 2025.

#### 4. AUDIT COMMITTEE:

##### i. Composition:

The Audit Committee comprises of 4 Independent Directors namely, Mr. Bimal Tanna, Dr. Ajay Dua, Mr. Tejas Deshpande and Mr. Pravir Kumar Vohra. Mr. Bimal Tanna 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 SEBI LODR Regulations, 2015 and Section 177 of the Companies Act, 2013 read with relevant rules issued thereunder besides other terms as may be referred by the Board of Directors.

##### Role of Audit Committee

The brief role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration, terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;

- d. significant adjustments made in the financial statements arising out of audit findings;
- e. compliance with listing and other legal requirements relating to financial statements;
- f. disclosure of any related party transactions; and
- g. modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. To mandatorily review the following information:
  1. Management discussion and analysis of financial condition and results of operations;
  2. Management letters/letters of internal control weaknesses issued by the statutory auditors;
  3. Internal audit reports relating to internal control weaknesses;
  4. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and

5. Statement of deviations:
  - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
  - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7);
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
22. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision; and
23. Consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

##### iii. Meetings & attendance of the Audit Committee:

The Audit Committee met 5(Five) times during the year. These were attended by the members as per the following details:

Director(s)	April 24, 2025	July 22, 2025	October 28, 2025	January 23, 2026	March 4, 2026
Mr. Bimal Tanna	✓	✓	✓	✓	✓
Mr. Tejas Deshpande	✓	✓	✓	✓	✓
Dr. Ajay Dua	✓	✓	✓	✓	✓
Mr. Pravir Kumar Vohra	✓	✓	✓	✓	✓

Mr. Bimal Tanna, Chairman of the Committee was present in the Annual General Meeting to answer the shareholder queries.

#### 5. NOMINATION AND REMUNERATION COMMITTEE:

##### i. Composition:

At the beginning of the year the Nomination and Remuneration Committee consisted of 3 Independent Directors. During the year, Mr. Deepak Bagla, Independent Director ceased to be a member of Committee with effect from July 19, 2025. Mr. Pravir Kumar Vohra and Ms. Varsha Purandare, Independent Directors were appointed as Members of the Committee with effect from July 22, 2025.

Accordingly, the Nomination and Remuneration Committee now comprises of 4 Independent Directors namely Dr. Ajay Dua, Mr. Tejas Deshpande and Mr. Pravir Kumar Vohra and Ms. Varsha Purandare. Dr. Ajay Dua is

##### ii. Terms of Reference:

The broad terms of reference of the Nomination and Remuneration Committee are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

- |  |  |
|--|--|
| <p>3. Devising a policy on diversity of Board of Directors;</p> <p>4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;</p> <p>5. Whether to extend or continue the term of appointment of Independent Director, on the basis of the report of performance evaluation of Independent Directors;</p> <p>6. Recommend to the Board, all remuneration, in whatever form payable to senior management; and</p> <p>7. For every appointment of an Independent Director, shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such</p> | <p>evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:</p> <p>a. Use the services of an external agencies, if required;</p> <p>b. Consider candidates from a wide range of backgrounds, having due regard to diversity; and</p> <p>c. Consider the time commitments of the candidates.</p> |
|--|--|

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

During the year, 4(Four) Meetings were held as per the following details:

Director(s)	April 24, 2025	July 18, 2025	October 14, 2025	January 23, 2026
Dr. Ajay Dua	✓	✓	✓	✓
Mr. Tejas Deshpande	✓	✓	✓	✓
Mr. Pravir Kumar Vohra <sup>1</sup>	NA	NA	✓	✓
Ms. Varsha Purandare <sup>1</sup>	NA	NA	✓	✓
Mr. Deepak Bagla <sup>2</sup>	✓	-	NA	NA

Notes:

1. Appointed as Member of the Committee w.e.f. July 22, 2025.  
2. Ceased to be Member of the Committee w.e.f. July 19, 2025.

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

### iv. Criteria for performance evaluation:

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

- 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.

Additionally, for the Managing Director and Senior Management, the performance evaluation is also set out by the Balanced Score Card process with clear objectives under Financial, Internal, Customers and Learning/ Growth at the Nomination & Remuneration Committee.

### 6. NOMINATION AND REMUNERATION POLICY:

The Board determines the remuneration payable to the Executive Directors taking into account their qualification, expertise & contribution and based on the recommendation of the Nomination and Remuneration Committee.

Non-Executive Directors are paid sitting fees for attending Board/Committee Meetings as decided by the Board within the limits prescribed under the Companies Act, 2013.

Commission payable to Non-Executive Directors is limited to a fixed amount per year as determined and approved by the Board on their attendance and contribution at the Board and Committee Meetings based on recommendations of the Nomination and Remuneration Committee. The total amount of commission to Non-Executive Directors is within the limit of 1% of the net profits of the Company for the year, calculated as per the provisions of the Companies Act, 2013 subject to necessary approvals, as applicable, if any.

Details of remuneration paid/payable to Directors during the year 2025-26:

### A. Non-Executive Directors:

(₹ in Million)

Name of the Director(s)	Sitting Fees	Commission on Net Profit <sup>1</sup>	Salary & Perquisites	Total	No. of Shares held <sup>2</sup>
<b>Independent &amp; Non-Executive Directors</b>					
Mr. Bimal Tanna	0.975	1.485	-	2.460	-
Dr. Ajay Dua	1.175	1.705	-	2.880	-
Mr. Tejas Deshpande	1.275	1.595	-	2.870	300
Mr. Pravir Kumar Vohra	0.975	1.485	-	2.460	-
Ms. Varsha Purandare (w.e.f. April 24, 2025)	0.600	0.550	-	1.150	-
Mrs. Nalini Venkatesh (Upto July 24, 2025)	0.325	0.220	-	0.545	230
Mr. Deepak Bagla (Ceased w.e.f. July 19, 2025)	0.150	0.165	-	0.315	-
<b>Non-Executive &amp; Non-Independent Director</b>					
Mr. Atul Kirloskar	0.500	5.000	-	5.500	61,07,523

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.
  - ₹ 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:

(₹ in Million)

Particulars	Mr. Rahul C. Kirloskar	Mr. K Srinivasan (Upto March 31, 2026)
Salary	30.00	14.40
House Rent Allowance	-	-
Contribution to Funds	10.60	4.58
Other perquisites	6.48	2.58
Commission <sup>1</sup>	45.00	35.00
<b>TOTAL</b>	<b>92.08</b>	<b>56.56</b>
No. of shares held <sup>2</sup>	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.

## 7. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

At the beginning of the year, the Stakeholders' Relationship Committee consisted of 2 Non-Executive & Independent Directors and 1 Executive Director. During the year, Mrs. Nalini Venkatesh, Independent Director was a Chairperson and Member of the Committee upto July 24, 2025. Ms. Varsha Purandare, Independent Director was appointed as Member of the Committee with effect from July 22, 2025 and Chairperson of the Committee with effect from July 25, 2025.

Currently, the Committee functions under the Chairpersonship of Ms. Varsha Purandare, Independent Director.

Mr. Tejas Deshpande, 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, 8(Eight) Stakeholders' Relationship Committee meetings were held on and the same were attended by members as per the following details:

Director(s)	April 24, 2025	May 23, 2025	June 20, 2025	July 15, 2025	August 7, 2025	September 15, 2025	October 14, 2025	January 23, 2026
Ms. Varsha Purandare <sup>1</sup>	NA	NA	NA	NA	✓	✓	✓	✓
Mr. Rahul C. Kirloskar	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Tejas Deshpande	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Nalini Venkatesh <sup>2</sup>	✓	✓	✓	✓	NA	NA	NA	NA

Notes:

1. Appointed as Member of the Committee w.e.f. July 22, 2025 and Chairperson w.e.f. July 25, 2025.

2. Chairperson and Member of the Committee upto July 24, 2025.

Mrs. Nalini Venkatesh, the Chairperson of the Committee at that point of time was present in the AGM to answer the shareholder queries.

The Company has received 18 complaint(s) from the Investors during the year. Out of that, 17 complaints were resolved and 1 complaint pending as on March 31, 2026.

## 8. RISK MANAGEMENT COMMITTEE:

On the basis of market capitalization, the Risk Management Committee became mandatory with effect from September 7, 2021.

The Company voluntarily formed the board level Risk Management Committee on April 26, 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 consisted of 2 Independent Directors and 1 Non-Executive & Non-Independent Director and 1 Executive Director.

The Risk Management Committee functions under the Chairmanship of Dr. Ajay Dua, Independent Director. Mr. Bimal Tanna, Independent Director and Mr. Atul Kirloskar, Non-Executive & Non-Independent Director are its members. Mr. K Srinivasan, Managing Director was member upto March 31, 2026. 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;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee; and
- The Risk Management Committee shall coordinate its activities with other committees.

### iii. Meetings & attendance of the Risk Management Committee:

During the year, 2 (Two) Risk Management Committee Meeting(s) were held and the same were attended by members as per the following details:

Director(s)	April 24, 2025	March 4, 2026
Dr. Ajay Dua	✓	✓
Mr. Atul Kirloskar	✓	✓
Mr. Bimal Tanna	✓	✓
Mr. K Srinivasan	✓	✓

## 9. CORPORATE SOCIAL RESOPONSIBILITY COMMITTEE:

### i. Composition:

The Corporate Social Responsibility Committee earlier consisted of 1 Independent Director and 2 Executive Directors. During the year, Mr. Pravir Kumar Vohra, Independent Director appointed as Member of the Committee with effect from July 22, 2025. Mrs. Nalini Venkatesh, Independent Director was Member of the Committee upto July 24, 2025. Mr. K Srinivasan, Managing Director was Member of the Committee upto March 31, 2026.

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

During the year, Mr. Pravir Kumar Vohra, 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, 1(One) Corporate Social Responsibility Committee meeting was held and the same was attended by members as per the following details:

Director(s)	April 24, 2025
Mr. Rahul C. Kirloskar	✓
Mr. K Srinivasan <sup>1</sup>	✓
Mr. Pravir Kumar Vohra <sup>2</sup>	NA
Mrs. Nalini Venkatesh <sup>3</sup>	✓

Notes:

1. Member of the Committee upto March 31, 2026.

2. Appointed as Member of the Committee w.e.f. July 22, 2025.

3. Ceased to be Member of the Committee w.e.f. July 25, 2025.

## 10. SENIOR MANAGEMENT:

During the year, the following changes took place:

Mr. Sanjay Grover, Vice President -IBD superannuated on November 1, 2025 (Post working hours).

Mr. K Srinivasan was a Director and Managing Director upto March 31, 2026.

The particulars of the Senior Management including Executive Directors as on March 31, 2026 are also provided in the Annual Report.

## 11. GENERAL BODY MEETINGS:

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

Date	Time	Location
July 22, 2025	03:00 p.m. (IST)	VC/OAVM
July 20, 2024	03:30 p.m. (IST)	VC/OAVM
July 20, 2023	03:30 p.m. (IST)	VC/OAVM

### ii. Special Resolutions passed in last Three Annual General Meetings:

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

Sr. No.	Resolution
	Annual General Meeting held on July 22, 2025
1	Appointment of Ms. Varsha Vasant Purandare (DIN: 05288076) as an Independent Director for a period of Five consecutive years w.e.f. April 24, 2025.

No special resolutions were passed in the Annual General Meetings held on July 20, 2023 and July 20, 2024.

### iii. Postal Ballot:

The Members of the Company have passed the following Special Resolution(s) by way of Postal Ballot in the last Three years

#### Postal Ballot dated September 25, 2025

Sr. No.	Resolution	Votes cast in favour of the Resolution		Votes cast against the Resolution <sup>1</sup>	
		No. of votes	% to total votes	No. of votes	% to total votes
1	Re-appointment of Mr. Tejas Deshpande (DIN: 01942507) as an Independent Director for a period of Five consecutive years w.e.f. October 27, 2025.	3,82,44,481	83.66	74,67,566	16.34

Note:

1. Only number of valid votes counted.

The Notice dated August 15, 2025 was sent to the Members vide E-mail and the last date for voting through electronic mode was September 25, 2025. Mr. Sridhar 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 September 26, 2025 at the registered office of the Company and informed to the BSE Ltd. and National Stock Exchange of India Ltd., where the shares of the Company were listed for the information of the members.

#### Postal Ballot dated September 17, 2024

Sr. No.	Resolution	Votes cast in favour of the Resolution		Votes cast against the Resolution <sup>1</sup>	
		No. of votes	% to total votes	No. of votes	% to total votes
1	Appointment of Mr. Bimal Tanna (DIN: 06767157) as an Independent Director for a period of Five consecutive years w.e.f. July 22, 2024.	4,61,62,659	99.99	511	0.01
2	Appointment of Mr. Deepak Bagla (DIN: 01959175) as an Independent Director for a period of Five consecutive years w.e.f. July 22, 2024.	4,61,62,489	99.99	731	0.01

Note:

1. Only number of valid votes counted.

The Notice dated July 20, 2024 was sent to the Members vide E-mail and the last date for voting through electronic mode was September 17, 2024. Mr. Sridhar 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 September 19, 2024 at the registered office of the Company and informed to the BSE Ltd. and National Stock Exchange of India Ltd., where the shares of the Company were listed for the information of the members.

## 12. MEANS OF COMMUNICATION:

The unaudited quarterly/half yearly results are announced within 45(Forty-Five) days of the close of the quarter. The audited annual results are announced within 60(sixty) days from the close of the financial year as per the requirements of the SEBI LODR Regulations, 2015.

The aforesaid financial results are sent to BSE Ltd. & National Stock Exchange of India Ltd., where the Company's securities are listed, immediately after these are approved by the Board.

The results are thereafter published in the leading English newspaper namely Business Standard and Marathi newspaper namely Loksatta. Every quarter, the Company had conference call with the investors on the same day/next working day after the declaration of the financial results. The Company also did presentations to the Investors and the same were uploaded before the Conference Call on the website of the Company.

The audited financial statements form part of the Annual Report which is sent to the Members well in advance of the AGM.

The Company also informs by way of intimation to BSE Ltd., National Stock Exchange of India Ltd. and placing on its website all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members.

The Annual Report of the Company, the quarterly/half yearly and the annual results of the Company, statement of unclaimed dividend, shareholding pattern, integrated filing - governance report, Memorandum of Association and Articles of Association, Brief profile of Board of Directors including directorship and full-time positions in body corporates etc. are also placed on the Company's website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

## 13. GENERAL SHAREHOLDER INFORMATION:

i.	Annual General Meeting:	
	Day & Date	: Tuesday, July 21, 2026
	Time	: 3:00 pm (IST)
	Venue	: Annual General Meeting will be held through Video Conferencing (VC)/Other Audio Visual Means (OAVM)
ii.	Financial Year	: 1 <sup>st</sup> April to 31 <sup>st</sup> March
iii.	Dividend Payment Date	: On or after July 21, 2026
iv.	Record Date	: July 3, 2026
V.	Listing on	: BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 National Stock Exchange of India Ltd. (NSE) Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 Annual Listing Fees for the year 2026-27 has been paid to BSE and NSE.
vi.	Depositories	: National Securities Depository Ltd. (NSDL) Central Depository Services (India) Ltd. (CDSL)
vii.	ISIN No.	: INE811A01020

### viii. Registrar & Share Transfer Agent:

The Registrar and Share Transfer Agent ("RTA") of the Company is MUFG Intime India Private Ltd. ("MUFG").

risks associated with holding physical share certificates and also derive other benefits of dematerialization, such as easy liquidity, electronic transfer, etc.

### ix. Communication to Members:

#### Share Transfer System:

Members are advised to convert their physical shareholding into electronic holding in order to mitigate the

In terms of Regulation 40(1) of SEBI LODR Regulations, 2015, as amended from time to time, transfer, transmission and transposition of securities shall be processed only in dematerialized form.

Pursuant to SEBI Circular HO/38/13/(3)2026-MIRSD-POD/1/3763/2026 dated January 30, 2026 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, to reduce timelines and mitigate the risk of loss or pilferage, SEBI has removed the requirement for a Letter of Confirmation (LOC). Instead, securities will now be credited directly into the investor's demat account after necessary due diligence with effect from April 2, 2026.

Accordingly, the shareholders are requested to make service requests by submitting a duly filled and signed Form ISR-4 along with the documents/details specified therein and accompanied with original share certificate, a copy of the latest Client Master List ("CML") not be older than two months and shall be duly attested by the Depository Participant, the format of which is available on the Company's website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com). The Registrar and Share Transfer Agent/listed entity shall verify and process the service requests and thereafter issue securities to the securities holder/claimant in dematerialised form, directly in the demat account of the securities holder/claimant, within 30 days of its receipt of such request after removing all objections.

Any LOC issued prior to April 2, 2026, remains valid for submission to your Depository Participant for a period of 120 days from its date of issuance.

#### '100 Days' Campaign -"Saksham Niveshak" by Investor Education and Protection Fund (IEPF) Authority:

During the year, your Company had launched '100 days' campaign - "Saksham Niveshak" from July 28, 2025 to November 6, 2025 pursuant to the Investor Education and Protection Fund Authority (IEPF Authority), Ministry of Corporate Affairs, vide its circular dated July 16, 2025. This drive is aimed at empowering shareholders by creating awareness about unclaimed dividends held by companies and guiding them through the process of updating their Know Your Customer (KYC) and nomination details to reclaim their rightful dividend.

The key objectives of the campaign as follows:

- Facilitate the resolution of cases related to unclaimed dividends lying with companies.
- Support KYC and nomination updates for shareholders.
- Ensure direct dividend payouts from companies to the rightful investors.

In continuation of earlier '100 days' campaign, your Company has launched second '100 days' campaign - "Saksham Niveshak" from April 1, 2026 to July 9, 2026 pursuant to communication received from the IEPF Authority.

Shareholders are requested to update your KYC details such as PAN, E-mail Address, Contact Number, Address, Bank Details and Nomination etc., in order to ensure timely receipt of the dividends declared by the Company directly to your bank accounts and preventing the transfer of such dividends and shares to the IEPF. In this regard, the Company also published notices in the newspapers from time to time to create awareness about the campaign, and the same has been duly communicated to the Stock Exchanges.

#### Special Window for Transfer and Dematerialisation of Physical Securities

During the year, your Company had opened a special window from July 7, 2025 to January 6, 2026 to all shareholders to facilitate re-lodgement of transfer deeds, which were lodged prior to April 1, 2019 and rejected/returned/not attended to due to deficiency in the documents/process or otherwise pursuant to the SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/ CIR/2025/97 dated July 2, 2025.

Your Company has opened another special window for a period of 1(One) year, from February 5, 2026 to February 4, 2027, to facilitate transfer and dematerialisation of physical securities which were sold/purchased prior to April 1, 2019 pursuant to the SEBI Circular No. HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated January 30, 2026.

Shareholders are requested to note that during this window, shares so transferred will be credited only in dematerialised (Demat) form and shall be under lock-in for a period of 1(One) year from the date of registration of transfer. Such securities shall not be transferred/lien-marked/pledged during the said lock-in period. Further, securities which have been transferred to the Investor Education and Protection Fund (IEPF) shall not be considered under this window for processing.

Eligible shareholders may submit their requests along with the requisite documents as mentioned in the Circular, to the Company and/or MUFG.

In this regard, the Company has also published notices in the newspapers from time to time to create awareness about the same and the same has been duly communicated to the Stock Exchanges.

#### 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 MUFG in the prescribed format for KYC documents, which are available at <https://www.kirloskarpneumatic.com/investors/forms> and MUFG website namely [www.in.mpms.mufg.com](http://www.in.mpms.mufg.com)

#### Payment of dividend in electronic mode:

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 (subsequently amended by Circular Nos. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021, SEBI/HO/MIRSD/MIRSDPoD-1/P/ CIR/2023/37 dated March 16, 2023 and SEBI/HO/MIRSD/PoD-1/P/ CIR/2023/181 dated November 17, 2023) has mandated that with effect from April 1, 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 SEBI has mandated that no 'payable at par' warrants or cheques or drafts shall be issued towards dividend payouts vide SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025.

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-2026/1767611333081.pdf](https://www.sebi.gov.in/sebi_data/faqfiles/jan-2026/1767611333081.pdf)

#### Shareholders Requests in electronic mode:

All shareholder queries or service requests in electronic mode are to be raised through website of MUFG. The weblink for which is given below: [https://web.in.mpms.mufg.com/helpdesk/Service\\_Request.html](https://web.in.mpms.mufg.com/helpdesk/Service_Request.html)

#### SWAYAM Portal:

As advised by SEBI, RTA has launched 'SWAYAM', an Investor Self-Service Portal, designed exclusively for the Investors serviced by MUFG. 'SWAYAM' is a secure, user-friendly web-based application, developed by "MUFG", our RTA, that empower shareholders to effortlessly access various services provided by MUFG. This application can be accessed at <https://swayam.in.mpms.mufg.com/>

#### Communication for furnishing KYC:

The Company had sent couple of communications vide ordinary post to the shareholders holding shares in physical form for furnishing PAN, KYC details and nomination etc. in terms of relevant SEBI Circulars.

#### x. Distribution of Shareholding as on March 31, 2026:

Holding	No. of Members	%	No. of shares of ₹ 2/- each	% of capital
UPTO 5,000	62,226	99.38	86,92,482	13.38
5,001 10,000	197	0.31	14,43,666	2.22
10,001 20,000	68	0.11	9,72,687	1.50
20,001 30,000	33	0.05	8,03,774	1.23
30,001 40,000	15	0.02	4,99,516	0.77
40,001 50,000	6	0.01	2,68,811	0.41
50,001 1,00,000	25	0.04	17,69,206	2.73
1,00,001 AND ABOVE	46	0.08	5,05,08,048	77.76
<b>Total</b>	<b>62,616</b>	<b>100.00</b>	<b>6,49,58,190</b>	<b>100.00</b>

#### xi. Dematerialisation of Shares & Liquidity:

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. The name of the Company appears in the Compulsory Trading List and 98.83% of Share Capital is in Electronic Form as on March 31, 2026. The Company has allotted 6,100 Equity Shares of face value of ₹ 2/- each under the KPCL Employee Stock Option Scheme, 2019 ('KPCL ESOS 2019') on

March 22, 2026. However, BSE and NSE informed the Company on March 30, 2026 that the trading in said shares will commence on the respective stock exchange w.e.f. April 1, 2026.

- xii. Company has not issued GDRs/ADRs/Warrants or any convertible instruments. However, the details of the options granted and vested to eligible employees of the Company and exercise thereof are provided in the

Directors' Report under the heading of Capital Structure. The disclosures relating to the implementation of the Scheme, details of options granted, changes to the Scheme, if any, etc. are placed on the website of the Company as required under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and can be accessed on the weblink: <https://www.kirloskarpneumatic.com/agm-egm>

**xiii.** Details of foreign exchange risk and hedging activities are provided in the notes annexed to and forming part of the financial statements.

**xiv.** During the financial year, no revision for credit rating has been received by the Company. CRISIL has reaffirmed CRISIL AA-/ Positive, Outlook revised from Stable to Positive (Reaffirmed) for Company's long term bank facility and CRISIL A1+ (Reaffirmed) to the short term bank facility received via email on April 1, 2025.

**xv.** Plant Locations:

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

**xvi. Address for Correspondence:**

**Registered Office of the Company:**

Kirloskar Pneumatic Company Ltd.  
Hadapsar Industrial Estate, Pune - 411 013  
Phone No. 020 - 26727000  
E-mail: [sec@kirloskar.com](mailto:sec@kirloskar.com)  
Website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

**Corporate Office of the Company:**

Kirloskar Pneumatic Company Ltd.  
One Avante, Level 3, Karve Road, Kothrud, Pune - 411 038  
Phone No. 020 - 6906 5025 (Extension 611)  
E-mail: [infokpcl@kirloskar.com](mailto:infokpcl@kirloskar.com)  
Website: [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

**Registrar & Share Transfer Agent:**

MUFG Intime India Private Ltd.  
(earlier known as Link Intime India Private Ltd.)

**Pune Office:**

Akshay Complex, No. 202, 2<sup>nd</sup> Floor,  
Near Ganesh Temple, Off Dhole Patil Road,  
Pune - 411 001  
Phone Nos.: 020 - 46014473/26163503/26161629

**Mumbai Office:**

C 101, 247 Park, L. B. S. Marg, Vikhroli (West),  
Mumbai - 400 083  
Phone No.: 022 - 4918 6000  
E-mail: [rnt.helpdesk@in.mpms.mufg.com](mailto:rnt.helpdesk@in.mpms.mufg.com)  
Website: [www.in.mpms.mufg.com](http://www.in.mpms.mufg.com)

**14. OTHER DISCLOSURES:**

**1. Related Party Transactions:**

There are no materially significant related party transactions during the year 2025-26 that have potential conflict with the interest of Company at large.

As required under SEBI LODR Regulations, 2015, the Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions and the same was amended on September 1, 2025 and December 19, 2025 which has been uploaded on website at:

<https://www.kirloskarpneumatic.com/documents/3010307/3499608/Policy+on+Materiality+of+Related+Party+Transactions+and+Dealing+with+Related+Party+Transactions+%28%29.pdf/cc40164a-a6ef-114a-ffc5-f9e542357415?t=1767008748312>

**2. Strictures or Penalties:**

There were no penalties or strictures imposed on the Company by Stock Exchange(s), SEBI or any statutory authority on any matter related to Capital Markets, during the last Three years.

**3. Vigil Mechanism/Whistle-Blower Policy:**

The Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct and ethics Policy. The said mechanism also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. During the year, no employee of the Company was denied access to the Audit Committee.

In line with the policy, the Company has voluntarily launched a 'Kirloskar Ethics Helpline' for encouraging employees to report any suspected violations/any other ethical concerns. During the year, no complaint was received through 'Kirloskar Ethics Helpline'.

The said policy was amended on July 20, 2024 and the amended policy has been uploaded and the same is available at the following weblink:

[https://www.kirloskarpneumatic.com/documents/3010307/3499608/Whistle+Blower+Policy+\\_++Vigil+Mechanism+%28%29.pdf/ac17c672-d2a1-d15f-f4fd-295d02edf1cb?t=1780911359054](https://www.kirloskarpneumatic.com/documents/3010307/3499608/Whistle+Blower+Policy+_++Vigil+Mechanism+%28%29.pdf/ac17c672-d2a1-d15f-f4fd-295d02edf1cb?t=1780911359054)

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

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

- Audit qualification: Company's standalone and consolidated financial statements are unqualified.
- The Internal Auditor reports to the Audit Committee.
- Two meetings of the Independent Directors were held during the year without the presence of the Non-Independent Directors and members of the management.

**6. Subsidiary Company:**

A policy on material subsidiaries has been formulated by the Company which was amended on January 28, 2025 and placed on the website of the Company at:

<https://www.kirloskarpneumatic.com/documents/3010307/3499608/Policy+on+Material+Subsidiaries.pdf/ae7fe5d3-6ef1-44c1-42b9-aebf53abfed-4?t=1743677333078>

The Company holds 55.26% Equity Shares of Systems & Components (India) Private Ltd. (S&C). S&C is not a material subsidiary of the Company.

**7. Commodity price risk or foreign exchange risk and hedging activities:**

Commodity price risk hedging is not applicable to the Company. The Company has adopted a policy for hedging of foreign exchange risk and accordingly Company hedges its foreign exchange risk from time to time.

**8.** The 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. The same is annexed to this report.

**9.** The Company has complied with corporate governance requirements as specified in Regulation 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of SEBI LODR Regulations, 2015.

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

During the year, total fees for all services paid by the Company and its subsidiary on a consolidated basis to the Statutory Auditor is ₹ 3.56 Million.

**11. Prohibition of Insider Trading:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and Designated Persons of the Company which was amended during the year. The code provides for periodical disclosures from Directors and Designated Persons as well as pre-clearances of transactions by such persons. The code was amended on April 24, 2025 and available on the website of the Company.

**12. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

During the financial year, 1(One) complaint has been received/filed and disposed off. No complaint was pending at the end of the year.

**13. Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement:**

Not Applicable

**14.** As on end of the financial year, the Company has not provided any loans and advances to firms/companies in which Directors are interested.

**15. Information disclosed under clause 5A of paragraph A of Part A of Schedule III of the regulations.**

The Company has filed Writ Petition (OS) No. 560 of 2025 - Kirloskar Pneumatic Company Limited & Anr. v. Securities and Exchange Board of India ("Writ Petition") before the Hon'ble Bombay High Court inter alia challenging the constitutional validity of Regulation 30A read with Clause 5A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 ("Regulations"). One of the primary contentions taken by the Company in the said Writ Petition was that a mere disclosure of an agreement by a listed entity, to which such listed entity is not a party, shall not automatically bind the listed entity in absence of adoption or ratification of such agreement by the listed entity. During the course of the hearing in the Writ Petition, SEBI agreed with the Company's stand and provided a clarification in the Affidavit in Reply filed by SEBI before the Hon'ble Bombay High Court as well as the hearing conducted, that the mere disclosure of an agreement by a listed entity, shall not, by itself mean that the listed entity admits that such agreement is binding on itself or as having an impact on its management or control, or imposing any restriction or creating any liability upon itself. SEBI further clarified that the listed entities may include such a disclaimer as a part of their disclosure.

Pursuant to and relying upon the aforesaid clarifications issued by SEBI to the Regulations, as more particularly contained in the Order dated September 23, 2025 passed by the Hon'ble Bombay High Court in the Writ Petition, the Company disclosed the Deed of Family Settlement dated September 11, 2009, entered amongst some of the individual members of the Kirloskar family in their individual capacities ("DFS") under the Regulations (as read with SEBI's clarifications) subject to the following disclaimers/clarifications:

- i. The Company states that mere disclosure of the DFS by the Company, shall not mean that the Company admits to the contents of the DFS or otherwise that such DFS is binding on the Company or as having an impact on its management or control, or imposing any restriction or creating any liability upon itself.
- ii. The Company expressly states that the Company is neither a party to the DFS nor has it ever taken the DFS on record nor has it otherwise ratified or approved the DFS and neither has it agreed to be bound by the DFS.
- iii. The Company does not admit that the DFS is binding on the Company or that the DFS otherwise in any manner has any impact on its management or control, and the Company expressly states that the DFS does not impose any restriction or create any liability upon the Company in any manner whatsoever.

#### 15. CEO/CFO CERTIFICATION:

The CEO/CFO Certificate signed by Mr. Aman Kirloskar, Managing Director and Mr. Ramesh Birajdar, Vice President & Chief Financial Officer was placed before the meeting of Board of Directors held on April 27, 2026.

**For Kirloskar Pneumatic Company Ltd.**

Date: April 27, 2026  
Place: Pune

Sd/-  
**Mr. Aman Kirloskar**  
Managing Director  
DIN: 09823056

### 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.

**For Kirloskar Pneumatic Company Ltd.**

Date: April 27, 2026  
Place: Pune

Sd/-  
**Mr. Aman Kirloskar**  
Managing Director  
DIN: 09823056

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
**The Members of  
Kirloskar Pneumatic Company Limited,  
Hadapsar Industrial Estate,  
Pune - 411 013.**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kirloskar Pneumatic Company Limited** (hereinafter referred to as '**the Company**'), having CIN - L29120PN1974PLC110307 and having registered office at Hadapsar Industrial Estate, Pune - 411 013, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Original Date of appointment
1	Mr. Rahul Chandrakant Kirloskar	00007319	30/09/1993
2	Mr. Atul Chandrakant Kirloskar	00007387	23/01/2012
3	Dr. Ajay Kumar Dua	02318948	14/03/2016
4	Mr. Tejas Padmanabh Deshpande <sup>@</sup>	01942507	27/10/2020
5	Mr. Pravir Kumar Vohra	00082545	19/10/2022
6	Mr. Bimal Manu Tanna	06767157	22/07/2024
7	Ms. Varsha Vasant Purandare <sup>^</sup>	05288076	24/04/2025
8	Mr. Deepak Bagla <sup>§</sup>	01959175	22/07/2024
9	Ms. Nalini Venkatesh <sup>*</sup>	06891397	25/07/2018
10	Mr. Krishnaswamy Srinivasan <sup>*</sup>	00088424	27/10/2020

Notes:

- 1) \*Mr. K. Srinivasan (DIN: 00088424) ceased as Director and Managing Director with effect from April 1, 2026 and Ms. Nalini Venkatesh (DIN: 06891397) ceased as Independent Director with effect from July 25, 2025 on completion of 2<sup>nd</sup> term of appointment.
- 2) ^Ms. Varsha Vasant Purandare (DIN: 05288076) appointed as an Independent Director with effect from April 24, 2025 for a period of 5 Years.
- 3) §Mr. Deepak Bagla (DIN: 01959175) has resigned as Non-Executive and Independent Director with effect from July 19, 2025.
- 4) @Mr. Tejas Padmanabh Deshpande has re-appointed for 2<sup>nd</sup> term as an Independent Director of the Company with effect from October 27, 2025 for a period of 5 years.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SVD & Associates  
Company Secretaries**

Sd/-  
**Sridhar Mudaliar**  
Partner  
FCS No.: 6156  
CP No.: 2664  
Unique Code of the Firm: P2013MH031900  
Peer Review number: 6357/2025  
UDIN: F006156H000193486

**Place:** Pune  
**Date:** April 27, 2026

## Auditor's Certificate on Corporate Governance

To,  
**The Members**  
**Kirloskar Pneumatic Company Limited**

### Independent Auditors' Certificate on Compliance with conditions of Corporate Governance

- 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, 2026, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (the "Listing Regulations").

### Management's Responsibility

- The compliance of 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

- 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.
- 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.
- 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.
- 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

- Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V to the Listing Regulations during the year ended March 31, 2026.
- 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

- 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: 26108177WBBPEV1637  
Pune, April 27, 2026

## Business Responsibility and Sustainability Report (BRSR)

### SECTION A GENERAL DISCLOSURES

### SECTION B MANAGEMENT AND PROCESS DISCLOSURES

### SECTION C PRINCIPLE-WISE PERFORMANCE DISCLOSURE

#### 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 Ltd. (KPCL)
3. Year of Incorporation	1974
4. Registered office address	Hadapsar Industrial Estate, Pune 411013
5. Corporate office address	One Avante, Level 3, Karve Road, Kothrud, Pune 411038
6. E-mail	sec@kirloskar.com
7. Telephone	020-26727000
8. Website	www.kirloskarpneumatic.com
9. Financial year for which reporting is being done	2025-26
10. Name of the Stock Exchange(s) where shares are listed	BSE Ltd. (BSE) National Stock Exchange of India Ltd. (NSE)
11. Paid-up Capital	129.92 Million
12. Name and contact details (telephone, email address) of the person for BRSR Reporting	Name: Ms. Revati Deshpande Telephone: 020-26727000 Email: sec@kirloskar.com
13. Reporting boundary	Disclosures made in this report are on a standalone basis and pertain only to Kirloskar Pneumatic Company Ltd. Value Chain reporting covering partners contributing 2% to the purchases or sales value, cumulatively covering up to 75% of total value has been done and annexed as Annexure A to the BRSR.
14. Name of assurance provider	BDO India Services Private Ltd.
15. Type of assurance obtained	Reasonable Assurance of BRSR Core indicators

### II. Product/Services

#### 16. Details of business activities (accounting for 90% of the turnover):

Sr. 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	93.4%

#### 17. Products/Services sold by the entity (accounting for 90% of the turnover):

Sr. No.	Product/Services	NIC Code	% of total turnover contributed
1	Compressors & Compression Systems	28132	93.4%

### III. Operations

#### 18. Number of locations where plants and/or operations/offices of the entity are situated:

Sr. No.	Location	Number of plants	Number of offices	Total
1	<b>National:</b> Plants - Hadapsar (Pune), Saswad (Pune), Nashik Registered Office-Hadapsar (Pune) Corporate Office-Kothrud (Pune) Regional Offices - Mumbai, Ahmedabad, Vadodara, New Delhi, Lucknow, Kolkata, Chennai, Bangalore and Hyderabad	3	11	14
2	<b>International:</b> Representative/ Branch Office-Dubai Through Group Companies in South Africa and Thailand	0	1 2	3

#### 19. Markets served by the entity:

##### a. Number of locations served:

Sr. No.	Number of Locations served	Number
1.	National (Number of States) National (Number of Union Territories)	23 4
2.	International (Number of Countries)	27

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

Exports contribute 6% of the total turnover of the Company.

##### c. Briefly explain the types of customers:

KPCL serves Indian and foreign markets in Oil & Gas, Power, Steel & Aluminium, Automotive, Engineering, Railways, Chemicals & Fertilizers, Sugar, Paper, Pharmaceutical, Textile, Food & Beverage, Marine & Fisheries, Construction and other industrial sectors/ customers.

### IV. Employees

#### 20. Details at the end of Financial Year:

##### a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total	Male	Female		
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
<b>Employees</b>						
1.	Permanent (D)	861	810	94%	51	6%
2.	Other than permanent (E)	189	152	80%	37	20%
<b>3.</b>	<b>Total employees (D+E)</b>	<b>1,050</b>	<b>962</b>	<b>92%</b>	<b>88</b>	<b>8%</b>
<b>Workers</b>						
4.	Permanent (F)	65	65	100%	0	0%
5.	Other than permanent (G)	813	785	97%	28	3%
<b>6.</b>	<b>Total workers (F+G)</b>	<b>878</b>	<b>850</b>	<b>97%</b>	<b>28</b>	<b>3%</b>

b. Differently abled Employees and workers:

Sr. No.	Particulars	Total		Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)	
<b>Differently abled Employees</b>							
1.	Permanent (D)	1	1	100%	0	0%	
2.	Other than permanent (E)	0	0	0%	0	0%	
<b>3.</b>	<b>Total Differently abled employees (D+E)</b>	<b>1</b>	<b>1</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	
<b>Differently abled Workers</b>							
4.	Permanent (F)	0	0	0%	0	0%	
5.	Other than permanent (G)	1	1	100%	0	0%	
<b>6.</b>	<b>Total Differently abled workers (F+G)</b>	<b>1</b>	<b>1</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	

21. Participation/Inclusion/Representation of women:

Category	Total		No. and percentage of Females	
	No. (A)	% (B/A)	No. (B)	% (B/A)
Board of Directors <sup>1</sup>	8	12.50%	1	12.50%
Key Management Personnel <sup>2</sup>	4	0%	0	0%

Notes:

1. Number as of March 31, 2026.

2. 2 out of 4 KMPs are also Board Members.

22. Turnover rate for permanent employees and workers:

Category	FY 2026			FY 2025			FY 2024		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)
Permanent employees	11%	13%	11%	12%	9%	12%	15%	16%	15%
Permanent workers	5%	0%	5%	4%	0%	4%	4%	0%	4%

V. Holding, Subsidiary and Associate Companies (including Joint ventures)

23. Names of holding / subsidiary / associate companies / joint ventures:

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures	Is it a holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Systems & Components (India) Private Ltd.	Subsidiary	55.26%	No

VI. CSR Details

24. i. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

ii. If yes, Turnover: ₹ 17,592,255,854

iii. Net worth: ₹ 10,884,059,582

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 2026		Remarks	FY 2025		Remarks
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	
Communities <sup>1</sup>	Yes	0	0	Refer notes	0	0	Refer notes
Investors and Shareholders <sup>2</sup>	Yes	18	1	Refer notes	15	0	Refer notes
Employees and workers <sup>3</sup>	Yes	1	0	Refer notes	0	0	Refer notes
Dealers and Customers <sup>4</sup>	Yes	1,307	83	Technical, service complaints	970	88	Technical, service complaints
Suppliers <sup>5</sup>	Yes	0	0	Refer notes	0	0	Refer notes

Notes:

1. 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.

2. No other securities except Equity Shares are issued by the Company.

3. Mechanisms like PoSH Committee, Theme Based Virtual Round Table Sessions, Safety Committee Meetings, New Joiners Interaction with HR & SBU Head, Union-Management Meetings, Annual HR Dip-Stick Survey, Ethics Helpline, Alternate Year Employee Engagement Survey etc. provide employees the platform to raise grievances, if any. Employee Engagement Score as per the last survey conducted by an independent third-party agency is at 82% which is higher when compared to India Manufacturing top quartile score. KPCL is recognized as Best Employer 2025 for its consistent employee benchmark engagement score.

4. 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.

5. Supplier suggestions are received through various interactions like Supplier Visits, Supplier Meets, alternate year Supplier Satisfaction Survey by external agency etc. Overall Supplier Satisfaction Score is at 90% as per the last survey conducted by an independent third-party agency. KPCL is tracking and reviewing actions implemented based on findings of the supplier satisfaction survey.

All the above mentioned stakeholders can lodge a complaint through Company's Whistle-blower Policy-Vigil Mechanism. Web links: <https://www.kirloskarpneumatic.com/investors> or through the Company's Grievance Redressal Policy: <https://www.kirloskarpneumatic.com/investors>

## 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. During the year, the Company has conducted materiality reassessment which has identified the key material issues for our business as listed below:

Sr. No.	Material issue identified <sup>1</sup>	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.	Business Ethics	Risk and Opportunity	Operating in capital intensive and compliance driven industrial sectors, and engaging with a wide network of customers, suppliers, dealers and partners, KPCL has the opportunity to differentiate itself through consistently high standards of integrity, fair business practices and responsible conduct. At the same time, any deviation from ethical standards could adversely affect stakeholder trust, brand reputation and regulatory standing. A strong ethical culture enables the Company to enhance its reputation, strengthen relationships with customers and investors, and support disciplined decision making as operations scale and the business footprint expands.	The Company has in place a robust Code of Conduct, a strong values led culture, Board oversight and well defined ethics and compliance policies applicable across all operations. An independent whistle blower and ethics mechanism enables confidential reporting of concerns, while regular awareness initiatives reinforce ethical behaviour across all levels. The Company has also provided Third Party Ethics Helpline to report their grievances. Transparent disclosures, internal controls and leadership commitment ensure ethical considerations remain embedded in day to day decision making and business practices.	<b>Positive:</b> Strong ethical practices enhance brand credibility, strengthen long term stakeholder relationships, reduce litigation and compliance costs. <b>Negative:</b> Ethical lapses could lead to regulatory penalties, contractual losses, reputational damage, disruption of business relationships and erosion of shareholder value.
2.	Human Capital Development	Opportunity	KPCL's growth strategy, innovation led product portfolio and high degree of engineering customization are strongly dependent on the availability, capability and engagement of skilled talent across engineering, manufacturing, projects and leadership roles. As the Company continues to expand operations, adopt advanced technologies and strengthen in house capabilities, systematic human capital development presents a significant opportunity to enhance productivity, execution quality and long term competitiveness while building a resilient leadership pipeline.	The Company proactively focuses on attracting, developing and retaining talent through structured learning and development programmes, leadership development initiatives, career progression frameworks and a strong performance management system. Investments in training, capability building, employee engagement and workplace culture are continuously strengthened to align people capabilities with evolving business requirements and future growth priorities.	<b>Positive:</b> Enhanced operational efficiency, faster execution cycles, improved innovation output, reduced attrition related costs and stronger long term value creation through a skilled and engaged workforce. <b>Negative:</b> Weak human capital management could result in higher attrition, skill gaps, lower productivity, execution delays and increased recruitment and training costs, adversely affecting operational efficiency, profitability and long term growth.
3.	Occupational Health and Safety	Risk	KPCL's operations involve manufacturing, machining, foundry, assembly, testing and on site activities that inherently carry occupational health and safety risks. Any gaps in safety practices, systems or employee awareness could lead to injuries, accidents, production disruptions or regulatory non compliance. As the Company expands capacities, adds new technologies and operates across multiple locations, maintaining consistently high safety standards remains a critical risk area requiring continuous monitoring and proactive management.	The Company mitigates occupational health and safety risks through a structured safety management framework aligned with statutory requirements and international standards. Regular safety audits, training programmes, hazard identification, preventive maintenance, employee awareness initiatives and site level safety committees support consistent implementation. Strong leadership oversight, incident reporting mechanisms, continuous improvement practices and certifications such as ISO 45001 by an Independent Agency reinforce a culture of safety across operations.	<b>Positive:</b> Effective occupational health and safety practices reduce accident related losses, minimise downtime, improve workforce morale and productivity, lower insurance and compensation costs, and support stable operational and financial performance. <b>Negative:</b> Weak occupational health and safety management could result in workplace injuries, operational shutdowns, regulatory penalties, increased medical and compensation costs, insurance premiums and reputational impact, adversely affecting profitability and business continuity.

Sr. No.	Material issue identified <sup>1</sup>	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)
4.	Innovation and Product Stewardship	Opportunity	KPCL operates in technology intensive industrial segments where customer expectations, regulatory standards and sustainability requirements are continuously evolving. Innovation in product design, energy efficiency, safety, reliability and lifecycle performance, along with responsible product stewardship, presents a significant opportunity to strengthen market leadership, differentiate offerings and support long term growth. The Company's focus on customized engineering solutions and sustainable technologies positions innovation and responsible product management as key enablers of competitiveness and value creation.	The Company proactively invests in in house research and development, product engineering and intellectual property creation to strengthen its product portfolio. Initiatives include continuous development of energy efficient and application specific compressors, expansion of refrigeration and gas compression solutions, increased focus on lifecycle performance and safety, and integration of digital and smart features. Emphasis on indigenization, rigorous testing, quality assurance, certifications and compliance with applicable standards ensures responsible product stewardship across the product lifecycle.	<b>Positive:</b> Strong innovation capability and product stewardship support revenue growth, improved margins, reduced dependency on imports, enhanced customer retention and entry into new applications and markets. <b>Negative:</b> Delays or gaps in innovation or inadequate product stewardship may lead to product obsolescence, loss of competitiveness, reduced customer relevance, higher warranty or lifecycle costs, increased regulatory and compliance risks, and potential erosion of market share.
5.	Corporate Governance	Risk	As a company with expanding scale, multi plant operations and engaging with a wide range of stakeholders, KPCL is exposed to corporate governance related risks arising from evolving regulatory requirements, heightened investor and stakeholder expectations and increasing business complexity. Any lapse in governance practices, oversight, disclosures or ethical conduct could adversely impact stakeholder confidence, compliance standing and long term value creation. Given the Company's growth trajectory and increasing scrutiny from regulators, investors and business partners, corporate governance continues to remain a material risk requiring sustained focus.	The Company aims to implement a strong governance framework anchored by a majority independent Board, clearly defined roles and responsibilities, and active Board level committees overseeing audit, risk management, nomination and remuneration, stakeholder relations and CSR. A comprehensive policy framework, robust internal control systems, periodic Board and committee evaluations, transparent disclosures and structured risk management processes support effective oversight. Continuous strengthening of governance practices by opting for voluntary disclosures beyond mandatory requirements, ethics mechanisms and compliance processes ensure alignment with regulatory expectations and stakeholder interests.	<b>Positive:</b> Strong governance practices enhance overall stakeholder confidence, support access to capital at competitive costs, improve credit perception and enable disciplined capital allocation. <b>Negative:</b> Weak corporate governance could result in regulatory penalties, litigation costs, reputational damage, loss of investor confidence and adverse impact on valuation, cost of capital and business continuity.
6.	Circular Economy	Risk and Opportunity	KPCL operates in resource intensive manufacturing environments involving metals, energy, water and consumables, where efficient resource utilization and waste management are increasingly important from regulatory, cost and stakeholder perspectives. Transitioning towards circular economy practices presents an opportunity to improve material efficiency, reduce environmental footprint and strengthen sustainability credentials. At the same time, inadequate focus on circularity exposes the Company to risks related to rising input costs, regulatory pressures and inefficient resource use.	The Company has adopted measures aimed at improving resource efficiency and waste reduction across operations. Initiatives include increased reuse and recycling of materials, optimization of manufacturing processes to reduce waste, recovery and reuse of scrap and consumables, energy conservation projects, water conservation and recycling and gradual alignment with circular design principles in products and processes. Continuous monitoring, internal controls and integration of sustainability considerations into operational decision making support the transition towards circular practices.	<b>Positive:</b> Effective circular economy practices can lower raw material and energy costs, improve operational efficiency, reduce waste handling expenditure and enhance long term resilience and stakeholder confidence. <b>Negative:</b> Weak implementation of circular economy practices can lead to higher material and disposal costs, increased regulatory compliance risks, inefficient resource utilization and potential loss of competitiveness.

Sr. No.	Material issue identified <sup>1</sup>	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)
7.	Community Relations	Opportunity	KPCL operates manufacturing facilities embedded within local communities and engages with a wide range of stakeholders including local institutions, suppliers, employees' families and nearby populations. Proactive and constructive engagement with communities presents an opportunity to build trust, maintain social license to operate and contribute to inclusive development aligned with the Company's values and long term sustainability objectives. Strong community relations also support workforce morale and reinforce KPCL's position as a responsible corporate citizen.	The Company proactively engages with communities through structured Corporate Social Responsibility (CSR) initiatives focused on education, health, skill development, water stewardship and environmental awareness. Programmes are implemented primarily around operating locations, complemented by employee volunteering and partnerships with local institutions. Periodic review of community needs and impact ensures that initiatives remain relevant and aligned with societal priorities and statutory requirements.	<b>Positive:</b> Effective community engagement enhances reputation, strengthens stakeholder goodwill, supports stable operations and contributes to long term brand equity, indirectly supporting sustainable financial performance. <b>Negative:</b> If community relations are neglected, the Company may face social resistance, reputational risks, operational disruptions and reduced stakeholder trust, which could affect continuity of operations and long term value creation.
8.	Climate Action	Risk and Opportunity	KPCL's operations involve energy intensive manufacturing processes and extended supply chains, making the Company exposed to climate related risks arising from regulatory changes, energy transition pressures, resource availability and evolving customer expectations. At the same time, proactive climate action presents an opportunity to improve energy efficiency, reduce emissions intensity, enhance resilience and align with stakeholder expectations as industries progressively move towards low carbon and sustainable solutions.	The Company has implemented a range of initiatives focused on energy efficiency, renewable energy adoption and operational optimization. Measures include investments in renewable power, energy conservation projects across manufacturing facilities, monitoring of emissions intensity, water, waste and energy management initiatives and integration of climate considerations into operational and strategic decision making. Continuous improvement efforts support resilience against transition and regulatory risks associated with climate change.	<b>Positive:</b> Proactive climate action can lead to lower energy costs, improved operational efficiency, reduced emissions related risks, enhanced regulatory preparedness and stronger stakeholder confidence, supporting long term and sustainable value creation. <b>Negative:</b> Insufficient climate action could lead to higher energy and compliance costs, increased exposure to regulatory penalties, operational disruptions, reputational risks and potential loss of competitiveness, adversely impacting margins and long term financial sustainability.
9.	Responsible Supply Chain	Risk	KPCL relies on an extensive and diverse supplier base for raw materials, components, services and outsourced activities critical to its manufacturing and project execution. Risks may arise from suppliers' non compliance with ethical, environmental, labour or statutory requirements, as well as supply disruptions, quality issues or lack of transparency across the value chain. As regulatory expectations, ESG scrutiny and customer requirements continue to evolve, inadequate oversight of the supply chain could expose the Company to operational, compliance and reputational risks.	The Company mitigates supply chain related risks through a structured vendor management framework that emphasizes supplier evaluation, quality assurance, statutory compliance and long term partnerships. Regular supplier assessments, audits, engagement and performance monitoring support alignment with the Company's standards on ethics, safety and sustainability. Increased focus on vendor consolidation, indigenization and closer collaboration helps improve supply reliability, transparency and resilience.	<b>Positive:</b> A well governed and responsible supply chain can enhance continuity of operations, improve quality and cost efficiency, reduce disruption related losses and strengthen stakeholder confidence, supporting stable financial performance. <b>Negative:</b> Weak supply chain governance can lead to supply disruptions, quality failures, regulatory exposure, reputational damage and cost escalations, adversely impacting margins, cash flows and long term business sustainability.

Sr. No.	Material issue identified <sup>1</sup>	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)
10.	Human Rights	Risk	KPCL's operations span multiple manufacturing locations and involve a large, diverse workforce, including permanent employees, contract workers and personnel engaged through the supply chain. The Company also interacts with external stakeholders such as suppliers, service providers and communities. Any lapse in upholding human rights—such as issues related to fair labour practices, workplace dignity, discrimination, health and safety or ethical conduct within operations or the value chain—could expose the Company to regulatory action, legal liabilities and reputational damage. As stakeholder expectations and regulatory scrutiny on human rights continue to increase, human rights compliance remains a material risk area.	The Company has defined policies and governance mechanisms that promote fair treatment, dignity and respect across operations. These include a Human Rights Policy, Code of Conduct, Prevention of Sexual Harassment (PoSH) framework, whistle blower and ethics mechanisms, and oversight by the Board and senior management. Regular awareness programmes, grievance redressal systems, compliance monitoring and alignment with statutory requirements help ensure that human rights considerations are integrated into workplace practices and supplier engagement.	<b>Positive:</b> Strong human rights governance supports workforce stability, enhances employer credibility, reduces legal and compliance risks and strengthens stakeholder trust, contributing to sustainable financial performance. <b>Negative:</b> Insufficient human rights controls could lead to regulatory penalties, litigation, workforce disruptions, reputational erosion and loss of business confidence, adversely impacting profitability, continuity of operations and long term value.
11.	Cybersecurity and Data Privacy	Risk	KPCL's increasing use of digital systems across manufacturing, engineering, supply chain, finance and human resources, along with the handling of sensitive business, employee and customer information, exposes the Company to cybersecurity and data privacy risks. Potential threats such as unauthorized access, data breaches, system disruptions or cyber attacks could impact business continuity, regulatory compliance and stakeholder trust. As digital integration and data reliance continue to expand, cybersecurity and data privacy remain material risk areas.	The Company mitigates cybersecurity and data privacy risks through appropriate IT controls, access management protocols, periodic system reviews and alignment with applicable statutory and regulatory requirements. Continuous monitoring of IT systems, defined data governance practices, employee awareness on cyber hygiene and escalation mechanisms support risk prevention and timely response. Cybersecurity considerations are integrated into operational controls to protect data integrity and system reliability.	<b>Positive:</b> Effective cybersecurity and data privacy controls protect business continuity, safeguard sensitive information, enhance stakeholder confidence and reduce the likelihood of disruption related financial losses. <b>Negative:</b> If cybersecurity and data privacy risks are not adequately managed, the Company may face data breaches, system downtime, regulatory penalties, legal liabilities, reputational damage and loss of customer trust, adversely impacting operating costs, margins and long term financial sustainability.
12.	Transparent Disclosures	Risk	As a listed company, KPCL is subject to extensive disclosure requirements under applicable laws and regulations, along with heightened scrutiny from investors, regulators and other stakeholders. Any gaps, inaccuracies or delays in disclosures—financial or non financial—could undermine stakeholder confidence, invite regulatory action and affect the Company's credibility. Increasing expectations around ESG, governance and risk disclosures further elevate the materiality of transparency related risks.	The Company voluntarily strengthens disclosure practices beyond minimum requirements through comprehensive reporting, management commentary, enhanced ESG and sustainability disclosures and regular engagement with stakeholders. Continuous improvement in reporting frameworks and voluntary disclosures, supports clarity, comparability and decision usefulness for stakeholders. KPCL has established governance processes, strong oversight by the Board and its committees, and clearly defined policies on disclosures, compliance and information management. Robust internal controls, periodic reviews, timely statutory filings and adherence to SEBI LODR and Companies Act requirements support accuracy, consistency and completeness of disclosures across reporting channels.	<b>Positive:</b> High standards of transparency can enhance investor confidence, improve access to capital, strengthen credit perception and support long term value creation. <b>Negative:</b> Weak or inconsistent disclosures could lead to regulatory penalties, litigation risks, reputational damage and erosion of investor trust, adversely impacting market perception, cost of capital and financial performance.

Note:

1. Material issues were identified and prioritized through a survey (materiality re-assessment) 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:

Sr. No.	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
1. (b)	Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1. (c)	Web Link of the Policies, if available	Policies are uploaded on the Company's Website: <a href="https://www.kirloskarpneumatic.com/investors">https://www.kirloskarpneumatic.com/investors</a> and on the Company's Intranet.								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Yes, Policies have been developed considering relevant Acts like The Companies Act, 2013, The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), The Factories Act, 1948 and other Statutes. The Policies are also based on different National / International Standards including that of the United Nations and International Labour Organisation and ISO Standards like ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO / IEC 17025:2017								
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 a Vision and Roadmap going forward. Following are some examples of its ESG commitments by 2030:</p> <p><b>Environment:</b> 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><b>Social:</b> 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><b>Governance:</b> 1. Cover identified employees under Risk Management and Business Continuity awareness periodically. 2. Obtain BRSR Core Assurance as per SEBI timeline. 3. Obtain ESG Rating by approved / authorized rating agency by 2030.</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 almost 10 times from 1.5% (FY 23) to 15% (FY 26) of total electricity requirement. 2. Increased coverage of health &amp; safety training from 58% (FY 23) to 89% (FY 26) of total workforce. 3. Crisil ESG Rating of 59 (Adequate) as updated on 5-Aug-2025 <a href="https://www.crisilesg.com/en/home/esg-ratings.html">https://www.crisilesg.com/en/home/esg-ratings.html</a> 4. Obtained Reasonable Assurance of BRSR Core through an Independent third party for FY 26 on a voluntary basis.</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 CII HR Excellence Prize for Distinction awarded for consecutive 5 years is a testimony to best-in-class people practices that the Company is sustainably implementing year on year. We have strengthened ESG Governance by forming committees and reviewing the performance on a regular basis.

To fulfil KPCL's ESG ambition brought out by its Purpose Statement (To Create a Sustainable and Limitless Future through Innovation, Inclusion, and Integrity), we have put in place our ESG Vision of Green Planet, Nurturing Workplace and Transparent Governance. We aspire to become an industry leader in our segment by making a meaningful change to a wide group of user industries through product stewardship and implementation of ESG best practices. Having set goals and taken time bound targets in various key areas of ESG (refer to Section B Indicator No. 5), KPCL is moving forward to embed its business strategy with ESG requirements to create long term sustainable value for all the Stakeholders.

8. **Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).**

The Managing Director oversees implementation of the 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: <https://www.kirloskarpneumatic.com/investors> KPCL also has a Core ESG Committee with representation of an Independent Director and the Managing Director, EnCon i. e. Environment Conservation Committee and WoW i.e. War on Waste Committee for key ESG initiatives.

10. **Details of Review of NGRBCs by the Company:**

Subject for Review	a. Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Subject for Review	b. Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	The rectification vis-à-vis statutory requirements are done as and when need arises due to changes in Laws / Regulations and during the review of the policies.								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Most of KPCL's policies are internal. They are reviewed internally on a periodic basis as mentioned above. Review of policies related to the Companies Act 2013, SEBI LODR and IMS (ISO 9001, ISO 14001, ISO 45001 and ISO 17025) is carried out through external agencies during their audits. The IMS audits (surveillance and re-certification) are conducted by TUV India Private Ltd. annually. The policies related to the Companies Act 2013 and SEBI LODR were reviewed by the Secretarial Auditor during their audit.								

12. **If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:** Not Applicable (all Principles are covered through various policies and are assessed / evaluated by external agencies).

### SECTION C: Principle-wise performance disclosure

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

#### PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

##### ESSENTIAL INDICATORS

###### 1. Percentage coverage by training and awareness programmes on any of the Principles:

Sr. No.	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
1.	Board of Directors	15	During quarterly Board / Committee Meetings, all Board / Committee Members and KMPs were updated on a regular basis by presentations which covered, <i>inter-alia</i> , information on business performance, operations, regulatory updates & compliances, risk management, health, safety & environment performance, HR & CSR initiatives and such other areas as may arise from time to time.  In February 2026, sponsored residential 2 days training programme for few KMPs of the Company was organised by the Kirloskar Institute of Management. It inter alia covered aspects of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Communication on Investor Relations	100%
2.	Key Managerial Personnel <sup>1</sup>	8	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: <a href="https://www.kirloskarpneumatic.com/investors">https://www.kirloskarpneumatic.com/investors</a>	100%
3.	Employees other than BOD and KMPs	154	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, Intellectual Property Rights, Leadership, Regulatory Compliances etc.	92%
4.	Workers	56		100%

Note:

1. 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 in the financial year.

Not applicable as there were no such instances during FY 26.

However, during the year, the Company had received an order from Principal Commissioner of Customs (Imports), Mumbai amounting to ₹ 1,19,35,360/- and imposition of penalty of an equal amount and amount equal to interest leviable thereon on account of re-assessment of declared classification of Imported Goods under Custom Tariff Heading (CTI). The Company has duly filed an appeal before CESTAT, Mumbai against the order of the Principal Commissioner of Customs (Imports), Mumbai.

###### 3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed?

Not Applicable (refer to principle 1 Essential Indicator 2 above).

###### 4. Does the entity have an anti-corruption policy or anti-bribery policy? If yes, provide details in brief and if available, provide a weblink to the policy?

KPCL has Ethics and Anti-bribery Policy as well as Whistle-blower Policy - Vigil Mechanism to govern its operations. The Policy expects employees and any person dealing with the Company to be ethical, accountable and transparent in their conduct while discharging their respective duties. It addresses issues such as Unpublished Price Sensitive Information (UPS) 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/documents/3010307/3499608/Whistle+Blower+Policy+\\_+\\_Vigil+Mechanism+%281%29.pdf/ac17c672-d2a1-d15f-f4fd-295d02edf1cb?t=1780911359054](https://www.kirloskarpneumatic.com/documents/3010307/3499608/Whistle+Blower+Policy+_+_Vigil+Mechanism+%281%29.pdf/ac17c672-d2a1-d15f-f4fd-295d02edf1cb?t=1780911359054)

###### Code of Conduct:

<https://www.kirloskarpneumatic.com/documents/3010307/71e0bab8-0f40-15c9-5f1c-205765f3619f>

###### 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 2026	FY 2025
1. Directors	0	0
2. Key Managerial Personnel	0	0
3. Employees	0	0
4. Workers	0	0

###### 6. Details of complaints regarding conflict of interest:

Segment	FY 2026		FY 2025	
	Number	Remarks	Number	Remarks
1. Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
2. 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 <sup>1</sup>	FY 2026	FY 2025
Number of days of accounts payables	106	89

Note:

1. Reported as per BRSR Core Reporting Standard published by SEBI.

9. Openness of business: Provide details of purchases and sales with trading houses, dealers, and related parties along with loans and advances & investments, with related parties:

Parameter <sup>1</sup>	Metrics	FY 2026	FY 2025
Concentration of purchases	a. Purchases from trading houses as % of total purchases	0	0
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	0	0
Concentration of sales	a. Sales to dealers / distributors as % of total sales	19.80%	20.50%
	b. Number of dealers / distributors to whom sales are made	56	80
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	73.33%	71.85%
Share of RPTs	a. Purchases (Purchases with related parties / total purchases)	0.98%	5.58%
	b. Sales (Sales to related parties / Total sales)	0.65%	0.53%
	c. Loans & advances (Loans & advances to related parties / Total loans & advances)	0	0
	d. Investments (Investments in related parties / Total investments made)	0	0

Note:

1. Reported as per BRSR Core Reporting Standard published by SEBI.

## LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles:

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Customer, Dealer Personnel, Supplier Training: 111 training programmes (5,624 man-days) were conducted in FY 26.	Product Training pertaining to quality, safety, environment, operation and maintenance.	KPCL has a dedicated Training Centre for all the Stakeholders. The Company has identified the suppliers accounting for 75% of business value and is also putting in place a mechanism to provide training to the said suppliers.

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 indicator No. 4 of Principle 1. Moreover, the Directors made aware of the amendments in the laws/ regulations from time to time. The Company also receive yearly confirmations from them *inter alia* with respect to code of conduct, non-conflict of interest etc.

## 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:

Sr. No.	Segment	FY 2026	FY 2025	Details of improvements in environmental and social impacts
1.	R&D	0	0	The R&D department is not only focused on new products, expanding existing product range but also on upgradation with a focus on safety, energy efficiency and reduction of carbon footprint.
2.	Capex	18.86%	41.7%	For FY 25 – Environment: Solar plants (2.38 MWp), rainwater harvesting projects (10,800 KL), water filtration plants, waste management projects, EnCon projects etc. Social (Safety & Health): Electrical safety, machine safety and operational safety, water and sanitation facilities, office ergonomics and welfare facilities etc. For FY 26 – Environment : Capacity expansion by 0.2 MW rooftop Solar power Plant, upgradation of server base energy monitoring system, SEC improvement Projects and energy efficient equipments, Electrical Safety improvement, ETP installation at Thor project, Transforming hazardous paint sludge into a circular economy resource, replacement of diesel forklift by electric forklift, replacement of asbestos roof sheet, employing bailing machine for waste management Social (Safety & Health): improvement of safety and employee welfare initiatives 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 (85.36% input material was sourced from within India- refer Principle 8 Essential Indicator No. 4), KPCL has developed a mechanism to track and monitor the percentage of such input materials. 75% of value-contributors (manufacturing suppliers) are re-evaluated alternate year and 25% of value-contributors (manufacturing suppliers) are self-assessed.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:

The Company has implemented compressor buyback programme (Renovare) for its refrigeration compressors for reuse, recycling and safe disposal of parts at the end of life. One Hundred & Thirty-Nine (139) compressors were reclaimed in Scheme 1 launched in FY 23; One Hundred & Sixty-Seven (167) compressors were reclaimed in Scheme 2 launched in FY 24 and continued in FY 25 and Eighty Seven (87) compressors were reclaimed in Scheme 3 launched in FY 26 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 off 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 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:

Lifecycle Assessment Perspective is considered in development of new products in accordance with the guidelines specified in IMS D&D document. Company is implementing in a modular manner, the PLM (Product Lifecycle Management) covering scope from design to responsible disposal of products. Assessment shall be conducted after complete implementation and roll-out.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means? Briefly describe the same along-with action taken to mitigate the same:

Environmental Aspect & Impact and OHS Risks & Opportunities Analysis is carried out by KPCL as per defined procedures and criteria requirements of IMS covering operations, installation, commissioning and servicing of products / projects.

An independent external agency carries out annual surveillance / re-certification audits of Company's IMS (QEOHS) and audit findings / observations are used for continual improvements of processes, products and services.

Specific Management Programmes are implemented to mitigate and further for identified significant impacts and risks. Fifteen (15) such Management Programmes were taken up in FY 26 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 2026	FY 2025
Foundry Steel (MT)	6.34 %	2.79%
Foundry Aluminium (MT)	11.57 %	14.61%
Foundry Sand (MT)	64.41%	67.16%
Packaging Wood (CFT)	34.83%	20.51%
Machine Oil (KL)	57.87%	56.22%

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

Parts (MT)	FY 2026			FY 2025		
	Re-Used	Recycled	Safely Disposed <sup>1</sup>	Re-Used	Recycled	Safely Disposed <sup>1</sup>
MS Scrap	KPCL does not directly re-use or recycle the parts of reclaimed compressors.		79.98	KPCL does not directly re-use or recycle the parts of reclaimed compressors.		22.78
Cast Iron Scrap			0			0.01
Aluminium Scrap			0			0

Data related to compressors reclaimed / safely disposed at end of life through Scheme 1, Scheme 2 and Scheme 3 launched in FY 23, FY 24, FY 26 respectively.

Note:

1. 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)	4.1% (Scheme 1 - 8.6%, Scheme 2 - 9.2%)

### PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

#### ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>Permanent Employees</b>											
Male	810	810	100%	810	100%	NA	NA	810	100%	0	0%
Female	51	51	100%	51	100%	51	100%	NA	NA	51	100%
<b>Total</b>	<b>861</b>	<b>861</b>	<b>100%</b>	<b>861</b>	<b>100%</b>	<b>51</b>	<b>6%</b>	<b>810</b>	<b>94%</b>	<b>51</b>	<b>6%</b>
<b>Other than Permanent Employees</b>											
Male	152	152	100%	152	100%	NA	NA	0	0%	0	0%
Female	37	37	100%	37	100%	37	100%	NA	NA	37	100%
<b>Total</b>	<b>189</b>	<b>189</b>	<b>100%</b>	<b>189</b>	<b>100%</b>	<b>37</b>	<b>20%</b>	<b>0</b>	<b>0%</b>	<b>37</b>	<b>20%</b>

- 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)
<b>Permanent Workers</b>											
Male	65	65	100%	65	100%	NA	NA	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	NA	NA	0	0%
<b>Total</b>	<b>65</b>	<b>65</b>	<b>100%</b>	<b>65</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Other than permanent workers</b>											
Male	785	785	100%	785	100%	NA	NA	0	0%	0	0%
Female	28	28	100%	28	100%	28	100%	NA	NA	28	100%
<b>Total</b>	<b>813</b>	<b>813</b>	<b>100%</b>	<b>813</b>	<b>100%</b>	<b>28</b>	<b>3%</b>	<b>0</b>	<b>0%</b>	<b>28</b>	<b>3%</b>

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

Parameter <sup>1</sup>	FY 2026	FY 2025
Cost incurred on well-being measures (insurances etc. refer 1a and 1b above) and other welfare measures (health care, health & safety measures, canteen and transport subsidy etc.) as a % of total revenue of the company	0.29%	0.58%

Note:

1. Reported as per BRSR Core Reporting Standard published by SEBI.

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

Benefits	FY 2026			FY 2025		
	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.)
1. EPF <sup>1</sup>	95%	98%	Yes	95%	98%	Yes
2. Gratuity <sup>1</sup>	95%	98%	Yes	95%	98%	Yes
3. Superannuation	47%	0%	Yes	48%	0%	Yes

Note:

1. Not applicable to fixed period trainees and retainers.

3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps is being taken by the entity in this regard:

Yes, KPCL is constantly working towards providing required supports to make its premises accessible to differently abled employees; buildings, factory premises have lifts, railings for staircases, ramps, adequate spaces / pathways, wheelchair arrangement, factory locations have 24x7 ambulances / health centre facilities, first aid trained security personnel, washrooms etc.

Special attention will be given to make new buildings, factory premises accessible to differently abled employees as per requirements of The Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy:

KPCL through its policies is committed to equal opportunity without discrimination on any grounds. KPCL is in the process of adopting DEI / 'Equal Opportunity Policy'.

5. Return to work and Retention rates of permanent employees and workers that took parental leave:

Gender	Permanent Employees		Permanent Workers <sup>1</sup>	
	Return to work Rate (%)	Retention Rate (%)	Return to work Rate (%)	Retention Rate (%)
Male	100%	96%	NA	NA
Female	100%	100%	NA	NA
Total	100%	98%	NA	NA

Note:

1. None of the permanent workers availed of parental leave in FY 26.

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, a Kirloskar Ethics Helpline managed by independent external agency is in place. 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 Unions recognized by the listed entity:

Category	FY 2026			FY 2025		
	Total Employees / Workers in respective category (A)	No. of Employees / Workers in respective categories, who is part of association(s) or Union (B)	% (B / A)	Total Employees / Workers in respective category (C)	No. of Employees / Workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>	861	0	0%	784	0	0%
Male	810	0	0%	749	0	0%
Female	51	0	0%	44	0	0%
<b>Total Permanent Workers</b>	65	65	100%	69	69	100%
Male	65	65	100%	68	68	100%
Female	0	0	0%	1	1	100%

8. Details of training given to employees and workers:

Category	FY 2026					FY 2025				
	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)
<b>Employees</b>										
Male	962	921	96%	896	93%	880	844	96%	827	94%
Female	88	83	94%	67	76%	68	61	90%	54	79%
<b>Total</b>	<b>1,050</b>	<b>1,004</b>	<b>96%</b>	<b>963</b>	<b>92%</b>	<b>948</b>	<b>905</b>	<b>95%</b>	<b>881</b>	<b>93%</b>
<b>Workers</b>										
Male	850	719	85%	806	95%	752	608	81%	691	92%
Female	28	28	100%	24	86%	23	21	91%	22	96%
<b>Total</b>	<b>878</b>	<b>747</b>	<b>85%</b>	<b>830</b>	<b>95%</b>	<b>775</b>	<b>629</b>	<b>81%</b>	<b>713</b>	<b>92%</b>

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

Category	FY 2026			FY 2025		
	Total (A)	No (B)	% (B/A)	Total (C)	No (D)	% (D/C)
<b>Employees</b>						
Male	962	962	100%	880	880	100%
Female	88	88	100%	68	68	100%
<b>Total</b>	<b>1,050</b>	<b>1,050</b>	<b>100%</b>	<b>948</b>	<b>948</b>	<b>100%</b>
<b>Workers</b>						
Male	850	460	54%	752	391	52%
Female	28	20	71%	23	16	70%
<b>Total</b>	<b>878</b>	<b>480</b>	<b>55%</b>	<b>775</b>	<b>407</b>	<b>53%</b>

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 QEHS Policy and put in place a structured approach towards health, safety and environment at its workplaces. The locational safety committees (3) meet every month and apex safety committee (1) meets every quarter to take a review of initiatives and performance. IMS documentation ensures that every department identifies and reviews the work-related hazards and risks & opportunities associated with them in an on-going manner. Dedicated safety managers along with safety committee members ensure that unsafe conditions and unsafe acts are identified and acted upon through Cris-cross Safety Audits, Monthly Safety Walks, and Risk Hunting Initiative. The committee members also participate in CII SHE Study Missions and DISH competitions to benchmark safety practices from other industries. Wider employee participation in identification of hazards and assess risks is ensured through 5S Initiative, Safety Kaizen Initiative and various activities/competitions/workshops organized during safety week. Quarterly Internal IMS Audits, annual IMS External Audit, alternate year statutory safety audit gives insights into aspects related to safety and the observations are addressed in a prompt manner.

**c. Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks (Yes/No)**

Yes, KPCL has a system and formats that employees can use to report unsafe conditions / acts near miss and injury incidents. These reports are analysed to implement corrective / preventive actions. KPCL insists on a safe workplace and as such, the safety committees at the plant and apex level in their periodic meetings analyse and take steps to ensure safe workplace.

**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.

**11. Details of safety-related incidents:**

Sr. No.	Safety Incident/Number	Category (Including the contract workforce) *	FY 2026	FY 2025
1	Lost Time Injury Frequency Rate (LTIFR) (per million-person hrs worked)	Employees	0	0
		Workers	0.18	0
2	Total recordable work-related injuries	Employees	2	3
		Workers	20	13
3	No. of fatalities	Employees	0	0
		Workers	0	0
4	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<sup>1</sup>:**

	FY 2026			FY 2025		
	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

1. Safety Audit observations are captured monthly and addressed as improvements (450 improvements in FY 26 and 369 improvements in the FY 25 were made through such observations on Working Conditions and Health & Safety).

**14. Assessments for the year:**

Safety Incident/Number	% of your plants and offices that were assessed (by entity or statutory authorities or third parties) <sup>1</sup>
Health and safety practices	100%
Working Conditions	100%

Note:

1. All plants and offices are assessed through third party and internal audits as per the requirements of IMS and 5S systems. Additionally, factory locations (plants) are also assessed by Statutory Safety Audits by Government Authorized third party.

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions:**

Corrective and preventive actions after any incident, identification of unsafe conditions / acts through various mechanisms described above, is a vital requirement of KPCL's safety systems and these actions are implemented, reviewed and horizontally deployed for effective prevention.

Some of the examples of corrective actions taken to address significant concerns are; machine guarding survey and implementation (30 machine guards designed and put in place in FY 26 ), horizontal lifelines for EOT cranes to ensure safety of maintenance personnel, vertical lifelines and fall arresters to ensure safety of personnel while cleaning and maintenance of rooftop solar panels, arc flash suits to ensure safety of electrical maintenance personnel, initiated auto fire-fighting system for electrical panels etc.

**LEADERSHIP INDICATORS**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Yes/No) (B) Workers (Yes/No):**

(A) Permanent Employees: Yes (B) Permanent Workers: Yes

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners:**

Statutory compliances of labour contractors are ensured every month by obtaining a report to that effect along with supporting evidence before payments are released. KPCL is in the process of including such criteria in the selection, evaluation and re-evaluation of value chain partners.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	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 2026	FY 2025	FY 2026	FY 2025
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 26 - 414 and FY 25 - 374
Working Conditions	Number of suppliers assessed in the FY 26 - 414 and FY 25 - 374

While suppliers are assessed for health & safety practices and working conditions during their selection and periodic evaluation process, KPCL is putting in place a tracking mechanism to monitor value chain partners that account for 75% of the value of business done with them.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners:

Not applicable as no significant risks or concerns vis-à-vis health & safety practices and working conditions were identified during supplier selection and periodic evaluations carried out in the FY 26.

**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"> <li>Emails, Notices, Displays, Meetings, Intranet, Website.</li> <li>Review Meetings, Performance Appraisal Dialogues.</li> <li>KORE Platform (e-Learning Management System), Trainings, Theme Based Virtual Round Tables.</li> <li>MD's Address.</li> <li>In-House Magazine (Impeller).</li> <li>Employee Engagement Activities</li> <li>Get-togethers, Sports and Cultural Activities.</li> <li>HR Dip-stick Survey</li> <li>Employee Engagement Survey.</li> <li>Annual Reward &amp; Recognition Felicitation Programme.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous / Frequently</li> <li>Weekly / Monthly / Quarterly / Annually</li> <li>As per annual training/events calendar</li> <li>Annual</li> <li>Quarterly</li> <li>Annual</li> <li>Annual</li> <li>Alternate Year</li> <li>Annual</li> <li>Annual</li> </ul>	<ul style="list-style-type: none"> <li>Employee morale and productivity.</li> <li>Employee health, safety and well-being.</li> <li>Learning, development and growth.</li> <li>Policies, processes and performance.</li> <li>Business communications.</li> <li>Employee satisfaction, engagement and benchmarking.</li> </ul>
Investors & Shareholders	No	<ul style="list-style-type: none"> <li>Annual General Meetings, Annual Reports.</li> <li>Quarterly Results, Press Releases, Media Interactions</li> <li>Investor Presentations, Earnings Calls, Advertisements.</li> <li>Stock Exchange Filings, Notices to Shareholders, Postal Ballots, Advertisements, Investor Meets, Emails, One-to-one Interactions, Website.</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> <li>Quarterly</li> <li>Continuous / Frequently</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance, Transparency in disclosures and Enhancing enterprise Value.</li> <li>Performance and Financial Results.</li> <li>Strategy and Business Operations, Report on CSR, Conservation of Energy and Technology Absorption.</li> </ul>
Suppliers	No	<ul style="list-style-type: none"> <li>Emails, Website, Telephonic conversations, i-Supplier Web Portal, Virtual Meetings, Visits and Workshops,</li> <li>Supplier Meets,</li> <li>Vendor Satisfaction Survey</li> </ul>	<ul style="list-style-type: none"> <li>Continuous / Frequently</li> <li>Annual</li> <li>Alternate Year</li> </ul>	<ul style="list-style-type: none"> <li>Mutually beneficial and long-term relationship.</li> <li>Ethical practices, timely delivery and payments.</li> <li>Quality assurance and improvement projects.</li> <li>Business expectations and growth.</li> <li>Vendor Satisfaction and opportunities for improvements.</li> </ul>

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
Dealers & Customers	No	<ul style="list-style-type: none"> <li>Emails, Website, Visits and Interactions, O &amp; M Manuals.</li> <li>Dealer Meets</li> <li>Customer Satisfaction Survey</li> </ul>	<ul style="list-style-type: none"> <li>Continuous / Frequently</li> <li>Annual</li> <li>Alternate Year</li> </ul>	<ul style="list-style-type: none"> <li>Mutually beneficial and long-term relationship.</li> <li>Business Promotion, Pre-sales support, timely delivery and prompt after-sales service.</li> <li>Business opportunities.</li> <li>Fair business practices.</li> <li>Customer satisfaction and opportunities for improvements.</li> </ul>
Government & Regulatory Bodies	No	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>On-going and Need based</li> </ul>	<ul style="list-style-type: none"> <li>Statutory and Regulatory Compliances</li> </ul>
Banks	No	<ul style="list-style-type: none"> <li>Consortium Meetings,</li> <li>Periodical Meetings with the member banks</li> </ul>	<ul style="list-style-type: none"> <li>Annual and Need based</li> <li>On-going</li> </ul>	<ul style="list-style-type: none"> <li>To approve fund based and non-fund-based limits for the Company</li> </ul>
Society & Communities	-School children from weaker sections. -Social criteria for skilling beneficiaries.	<ul style="list-style-type: none"> <li>In-person interactions by CSR Team, Volunteers, Partners.</li> <li>CSR Field Visits.</li> <li>Society (CSR) Perception Survey and Focused Group Discussions.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous / Frequently</li> <li>Alternate year</li> </ul>	<ul style="list-style-type: none"> <li>Needs and expectations</li> <li>Impacts, satisfaction and opportunities for improvements.</li> </ul>

## LEADERSHIP INDICATORS

- 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.

- Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No). If so, provide details of instances as to how the input received from stakeholders on these topics was incorporated into policies and activities of the entity.

At KPCL, stakeholder engagement plays a central role in shaping the Company's understanding of environmental and social priorities and in guiding the management of associated risks and opportunities. Recognizing the dynamic nature of stakeholder expectations and the evolving regulatory environment, KPCL undertook a structured materiality reassessment in FY 26. Building on the materiality assessment conducted in FY 2023, the Company undertook a structured materiality reassessment in FY 26 to validate the continued relevance of identified ESG topics and to ensure alignment with evolving stakeholder expectations, regulatory developments and KPCL's expanding operational and business landscape. The reassessment followed the same robust and repeatable methodology, with stakeholder inputs forming a central pillar of the process.

As part of this exercise, KPCL identified and engaged a broad and representative group of internal and external stakeholders, including Board members, senior leadership, employees, customers, suppliers, investors and community representatives. Engagement was

carried out primarily through structured stakeholder surveys designed to capture perceptions on the relative importance of identified environmental, social and governance topics in the context of KPCL's manufacturing led operations, engineering intensity and sustainability priorities.

The inputs received through stakeholder engagement were analysed using a defined scoring and prioritization methodology. These insights directly informed the materiality matrix, enabling KPCL to reassess and reaffirm key material topics that guide the Company's sustainability focus areas, risk management and disclosure priorities. The outcomes of the reassessment reflect both internal business considerations and external stakeholder expectations, ensuring a balanced and evidence based approach to ESG decision making.

Insights derived from stakeholder consultation have been systematically embedded into KPCL's governance and sustainability processes. Stakeholder feedback has supported the integration of environmental and social considerations into enterprise risk management, strategic planning and operational decision making. The reassessment outcomes are being used to strengthen KPCL's ESG framework, including the identification of priority themes, development of measurable Key Performance Indicators (KPIs) and articulation of long term objectives, which together form an integral part of the Company's evolving sustainability roadmap and long term value creation strategy.

- 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 Relashani programs). The Youth Skilling Initiative designed towards imparting future ready skills (like Diploma in Mechatronics & Smart Factory) and ensuring sustainable employability gives opportunities to the most vulnerable and deprived sections of the society (e. g. 43% of 151 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

- Employees and workers who have been provided training on human rights issues and the policy of the entity:

Category	FY 2026			FY 2025		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	861	795	92%	784	693	88%
Other than permanent	189	166	88%	164	129	79%
<b>Total employees</b>	<b>1,050</b>	<b>961</b>	<b>92%</b>	<b>948</b>	<b>822</b>	<b>87%</b>
<b>Workers</b>						
Permanent	65	49	75%	69	17	25%
Other than permanent	813	415	51%	706	365	52%
<b>Total workers</b>	<b>878</b>	<b>464</b>	<b>53%</b>	<b>775</b>	<b>382</b>	<b>49%</b>

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

Category	FY 2026					FY 2025				
	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)
<b>Employees</b>										
Permanent	861	0	0%	861	100%	784	0	0%	784	100%
Male	810	0	0%	810	100%	740	0	0%	740	100%
Female	51	0	0%	51	100%	44	0	0%	44	100%
Other than permanent	189	0	0%	189	100%	164	0	0%	164	100%
Male	152	0	0%	152	100%	140	0	0%	140	100%
Female	37	0	0%	37	100%	24	0	0%	24	100%
<b>Workers</b>										
Permanent	65	0	0%	65	100%	69	0	0%	69	100%
Male	65	0	0%	65	100%	68	0	0%	68	100%
Female	0	0	0%	0	0%	1	0	0%	1	100%
Other than permanent	813	96	12%	717	88%	706	109	15%	597	85%
Male	785	89	11%	696	89%	684	103	15%	581	85%
Female	28	7	25%	21	75%	22	6	27%	16	73%

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)	5	2.665	1	1.150
Key Managerial Personnel (includes 2 Directors)	4	32.60	0	NA
Employees other than BoD and KMP	929	0.998	64	0.665
Workers	65	0.591	0	NA

Information given above is based on permanent headcount of March 31, 2026.

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

Parameter	FY 2026	FY 2025 <sup>1</sup>
Gross wages paid to females as % of total wages	1.72%	1.52%

Note:

1. Gross wages for FY 25 restated as per the definition of 'wages' in BRSR Core Reporting Standard published by SEBI.

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No):

Yes, there is Human Rights 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>

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 2026		FY 2025	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	1	0	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 <sup>1</sup>	FY 2026	FY 2025
Total complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (PoSH)	1	0
Complaints on PoSH as a % of female employees / workers	0	0
Complaints of PoSH upheld	NA	NA

Note:

1. Reported as per BRSR Core Reporting Standard published by SEBI.

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

Kirloskar Ethics Helpline has a mechanism for anonymous reporting and assurance of 'no retaliation' for the complainants in harassment and discrimination cases. The details of the complainant are kept strictly confidential, and the complaint is investigated by the assigned committee following the laid down timelines, policy and procedure (e.g. PoSH Policy).

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, while due diligence of human rights principles is ensured during supplier selection and evaluation process, similar approach is being adopted for selecting and evaluating dealers going forward. KPCL is conscious of ensuring that human rights are respected and followed in spirit by its entire value chain.

10. Assessments for the year:

Section	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	100%
Discrimination at workplace	100%
Child Labour	100%
Forced Labour/ Involuntary Labour	100%
Wages	100%

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above:

Not applicable as there were no significant human rights related risks / concerns identified by KPCL during the FY 26.

### LEADERSHIP INDICATORS

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

Not applicable as no grievances / complaints were received regarding violation of Human Rights Policy during the FY 26.

2. Details of the scope and coverage of any Human rights due diligence conducted:

KPCL has a Code of Conduct, Human Rights Policy, PoSH Policy and Grievance Mechanisms like Whistle-blower, Kirloskar Ethics Helpline etc. which are communicated and implemented covering the entire organization including internal and external stakeholders that ensured non-violation of any human rights.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, KPCL is constantly working towards providing required supports to make its premises accessible to differently abled employees or visitors; buildings, factory premises have lifts, railings for staircases, ramps, adequate spaces / pathways, wheelchair arrangement, factory locations have 24x7 ambulances / health centre facilities, first aid trained security personnel, washrooms etc.

Special attention will be given to make new buildings, factory premises accessible to differently abled employees as per requirements of The Rights of Persons with Disabilities Act, 2016.

4. Details on assessment of value chain partners:

Section	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	
Discrimination at workplace	
Child Labour	Number of suppliers assessed in the FY 26 - 414
Forced Labour/Involuntary Labour	Number of suppliers assessed in the FY 25 - 374
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 26.

## 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 <sup>1</sup>	FY 2026	FY 2025
<b>From renewable sources</b>		
Total electricity consumption (A) (GJ) <sup>2</sup>	9,619.88	4,705.46
Total fuel consumption (B) (GJ)	1,430.75	3,946.33
Energy consumption through other sources (C) (GJ)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>11,050.63</b>	<b>8,651.79</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D) (GJ)	54,486.74	56,467.85
Total fuel consumption (E) (GJ)	5,528.25	5,319.91
Total fuel consumption from other sources (F) (GJ)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>60,014.99</b>	<b>61,787.76</b>
<b>Total energy consumed (A+B+C+D+E+F)</b>	<b>71,065.63</b>	<b>70,439.55</b>
<b>Energy intensity per rupee turnover</b> (Total energy consumption / Revenue from operations) (GJ/₹)	0.0000040396	0.000004325
<b>Intensity per rupee turnover adjusted for Purchasing Power Parity (PPP)<sup>3</sup></b> (Total energy consumption / Revenue from operations adjusted for PPP) (GJ/₹ adjusted for PPP)	0.0000821654	0.000089356
<b>Energy intensity in terms of physical output<sup>4</sup></b>		
Energy intensity (optional) - the relevant metric may be selected by the entity	-	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Yes, BDO India Services Private Limited.

Notes:

1. Reported as per BRSR Core Reporting Standard published by SEBI.

2. Renewable electricity accounts for 15 % of the total electrical energy requirement.

3. PPP conversion rate for year 2025 of 20.66 and for year 2026 of 20.34-<https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC>

4. Due to the diverse nature of the business operations and products/services of the Company, it is not feasible to determine the physical output for the calculation of Intensity.

5. Internal and external IMS Audits on energy objectives and KPIs are carried out.

6. The Company has undertaken structured energy audit and assessment exercises during the last three years to identify opportunities for improving energy performance, reducing utility costs, and enhancing sustainability. The company follows a continual improvement approach through internal reviews, third-party assessments, and implementation of Energy Conservation (EnCon) projects based on audit findings.

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 <sup>1</sup>	FY 2026	FY 2025
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	8,242.24	0
(ii) Groundwater	0	0
(iii) Third party water	67,264.40	69,119.44
(iv) Seawater / desalinated water	0	0
(v) Others (demineralized water used in foundry)	25.4	66
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>75,532.04</b>	<b>69,185.44</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>75,532.04</b>	<b>69,185.44</b>
Water intensity per rupee turnover (Water consumed / Revenue from operations in ₹)	0.00000429	0.000004248

Parameter <sup>1</sup>	FY 2026	FY 2025
<b>Water intensity per rupee turnover adjusted for Purchasing Power Parity (PPP)<sup>2</sup></b> (Total water consumption / Revenue from operations adjusted for PPP) (kilolitres/₹ adjusted for PPP)	<b>0.00008733</b>	<b>0.000087765</b>
<b>Water intensity in terms of physical output<sup>3</sup></b> Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Yes, BDO India Services Private Limited

Note:

- Reported as per BRSR Core Reporting Standard published by SEBI.
- PPP conversion rate for year 2025 of 20.66 and for year 2026 of 20.34- <https://www.imf.org/external/datamapper/PPPEX@WEO/QEMDC>
- Due to the diverse nature of the business operations and products/services of the Company, it is not feasible to determine the physical output for the calculation of Intensity.
- The Company has established rain water harvesting infrastructure at Saswad and Nashik plants thereby surface water consumption during FY 2025-26 was accounted for through harvested rain water resources. Further, total water consumption increased due to backward integration.

4. Provide the following details related to water discharged:

Parameter	FY 2026	FY 2025
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(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
<b>Total water discharged (in Kilolitres)</b>	<b>0</b>	<b>0</b>

KPCL's plants do not discharge water outside of its premises with or without treatment. Water treated through STP processes is used in the premises for gardening purposes (9,908.12 KL and 9,873.39 KL recycled water was used for gardening in FY 26 and FY 25 respectively).

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation:

Yes, KPCL's plants have ETPs (Effluent Treatment Plants) and STPs (Sewage Treatment Plants) installed. The water used for industrial processes and other general purposes after the treatment is tested by NABL accredited lab. STP water is reused for gardening purpose throughout the factory premises. No water used in the factories is discharged to the municipal drains. KPCL is in the process of implementing zero liquid discharge mechanism by reusing ETP treated water in the industrial processes only.

6. Provide details of air emissions (other than GHG emissions) by the entity:

Parameter	Please specify unit	FY 2026	FY 2025
NOx	mg/Nm <sup>3</sup>	7.28	5.0
SOx	Kg/day	0.18	2.9
Particulate matter (PM)	mg/Nm <sup>3</sup>	21.31	22.96
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. BDO India Services Private Limited had provided assurance.

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

Parameter <sup>1</sup>	Please specify unit	FY 2026	FY 2025
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	536.03	690.85
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	10,746.00	11,403.37
<b>Total Scope 1, Scope 2 emissions</b>	Metric tonnes of CO <sub>2</sub> equivalent	<b>11,282.03</b>	<b>12,094.22</b>
<b>Total Scope 1, Scope 2 emissions per rupee turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO <sub>2</sub> equivalent / ₹	0.00000064	0.000000743
<b>Total Scope 1 and Scope 2 emission intensity per rupee turnover adjusted for Purchasing Power Parity (PPP)<sup>2</sup></b> (Total Scope 1 and Scope 2 GHG emission / Revenue from operations adjusted for PPP) (Metric tonnes of CO <sub>2</sub> e / ₹ adjusted for PPP)	Metric tonnes of CO <sub>2</sub> equivalent / ₹ adjusted for PPP	0.00001304	0.000015343
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output<sup>3</sup></b> Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected	-	-	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Yes, BDO India Services Private Limited

Notes:

- Reported as per BRSR Core Reporting Standard published by SEBI.
- PPP conversion rate for year 2025 of 20.66 and for year 2026 of 20.34-<https://www.imf.org/external/datamapper/PPPEX@WEO/QEMDC>
- Due to the diverse nature of the business operations and products/services of the Company, it is not feasible to determine the physical output for the calculation of Intensity.
- Internal and external IMS Audits on parameters included in MPCB Consent are carried out.

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

Yes, KPCL has 1.78 MW (AC) operational rooftop solar power PV Plant at Saswad and Hadapsar Factories and additionally, 0.20 MW (AC) Solar Plant has been installed at the Hadapsar plant and 1.0 MW (AC) at the Nashik plant. The generation will start from FY 27. Therefore, with total installed capacity of 1.78 MW (AC) these Solar Plants generated 2,658.30 MWh energy resulting in elimination of Scope 2 emissions by 1,887.00-ton CO<sub>2</sub>e. As a result, the renewable energy accounts for 15% of the total electrical energy requirement.

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

Hadapsar Plant (FY 26) – Trees store 49.37 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 26) – Trees store 131.29 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 <sup>1</sup>	FY 2026	FY 2025
	Total Waste generated (in MT)	
Plastic waste (A)	1.19	8.26
E-waste (B)	2.982	3.2
Bio-medical waste (C)	0.021	0.0129
Construction and demolition waste (D)	85.11	55.32
Battery waste (E)	0.21	0.79
Radioactive waste (F)	0	0
Other Hazardous waste (as per MPCB Consent) (G)	144.17	242.23
Other Non-hazardous waste generated (H). Please specify, if any.	2,274.68	1,993.61
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>2,508.37</b>	<b>2,303.42</b>
<b>Waste intensity per rupee turnover</b> (Total waste generated / Revenue from operations)	0.0000001426	0.000000141
<b>Waste intensity per rupee turnover adjusted for Purchasing Power Parity (PPP)<sup>2</sup></b> (Total waste generated / Revenue from operations adjusted for PPP) (Metric tonnes of waste generated/ ₹ adjusted for PPP)	0.000002900	0.000002922
<b>Waste intensity in terms of physical output<sup>3</sup></b> Waste intensity (optional) – the relevant metric may be selected by the entity	-	-

Notes:

1. Reported as per BRSR Core Reporting Standard published by SEBI.
2. PPP conversion rate for year 2025 of 20.66 and for year 2026 of 20.34- <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC>
3. Due to the diverse nature of the business operations and products/services of the Company, it is not feasible to determine the physical output for the calculation of Intensity.

**Indicate if any independent assessment/ evaluation/assurance have been carried out by an external agency? (Yes/No) If yes, name of the external agency.**

Yes, KPCL's independent assessment of hazardous waste management is carried out through IMS external Audits and Hazardous Waste Annual Report filed through MPCB website.

a. For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (MT):

Category of waste	FY 2026	FY 2025
	Total waste recycled or re-used (MT) <sup>1,2</sup>	
(i) Recycled	612.83	1,041.69
(ii) Re-used	1,734.22	1,043.74
(iii) Other recovery operations	0	0

1. 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.

2. Total Recycled / Re-use of material has increased as compared to last year due to systematic waste management approach.

b. For each category of waste generated, total waste disposed by nature of disposal method (MT):

Category of waste	FY 2026	FY 2025
	Total waste disposed (MT) <sup>1,2</sup>	
(i) Incineration	1.16	21.87
(ii) Landfill	160.18	196.12
(iii) Other recovery operations	0	0

1. 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.

2. Due to systematic waste management approach, the waste reduced as compared to last year.

Note:

1. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Yes, BDO India Services Private Limited.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such waste:

KPCL's waste management systems are well defined to manage operational waste. We follow the MPCB Hazardous Waste (Management, Handling & Trans-boundary) Rules, 2016 for effective management of our waste.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, specify details:

KPCL does not have any offices or operational sites in the vicinity of any ecologically sensitive area.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Regulations requiring Environmental Impact Assessment (EIA) of projects is not applicable to any of the projects undertaken by KPCL.

13. Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder (Yes/No). If not, provide details of all such non-compliances:

We are compliant with the applicable environmental laws / regulations / guidelines of the country.

**LEADERSHIP INDICATORS**

1. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters): For each facility / plant located in areas of water stress, provide the following information:

KPCL acknowledges water stress as a looming threat and is committed to reduce water consumption by 25% by 2030 and achieve ZLD (Zero Liquid Discharge) status for all its manufacturing plants.

- 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 & their intensity:

KPCL is currently in the process of quantifying its Scope 3 emissions and will disclose data related to it in the upcoming years.

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities:

Not Applicable as none of KPCL's facilities or plants are in ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as the outcome of such initiatives as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, may be provided along with the summary, if any)	Outcome of the initiative
1	0.20 MW (AC) and 1.0 MW (AC) Solar Plants have been installed at the Hadapsar and Nashik plants respectively	Installations of Solar Plant at Hadapsar and Nashik completed and generation would start in FY 27	Collectively 1.2 MW (AC) Solar Plants will generate 1,951 MWh energy resulting in elimination of 1,385 Ton of CO2 emission per year.
2	ETP and STP to recycle water	Recycled water used for gardening	Zero water discharged outside of plants
3.	Carbon Sequestration	Tree plantations and green initiatives	Trees store 180.66 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/documents/3010307/3499608/Business+Continuity+Policy.pdf/12b1181c-934f-b5c8-187c-1f606b6e4103?t=1743677329047>

KPCL's Risk Management Policy emphasizes the business continuity and disaster management plan. Risk Management Committee identifies risks that can lead to disruptions and puts in place action plans as well as monitors the outcomes. The risk management plans and outcomes are reviewed by the Board.

The IT Security Policy and other initiatives including recovery plans are put in place to ensure that threats arising from cyber frauds, hacking or breakdown of servers are prevented.

Emergency Preparedness Plan as part of IMS implementation ensures that all plants and offices of KPCL focus on prediction / prevention of major incidents like fires, accidents and are prepared to mitigate any emergency that may arise during operations.

With the experience of handling COVID-19 related situations, KPCL is also better prepared to manage any significant local or global health emergency or pandemic in future.

KPCL will work with District Disaster Management Committee and other relevant Government forums to handle any climate change related events or natural disasters / calamities.

6. Disclose any significant adverse impact on the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

KPCL carries out assessment of its suppliers on various environment and social parameters during their selection and periodic evaluation. No significant concerns and adverse environmental impacts were identified during these assessments in the FY 26.

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

414 and 374 suppliers were assessed by KPCL in the FY 26 and the FY 25 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:

Sr. 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 26.

**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 26:

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 <sup>1</sup>	FY 2026	FY 2025
Directly sourced from MSMEs/ small producers	26.13%	31.28%
Directly sourced from within India	85.36%	81.36%

Note:

1. Reported as per BRSR Core Reporting Standard published by SEBI.

**5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:**

Location <sup>1</sup>	FY 2026	FY 2025 <sup>2</sup>
Rural	0%	0%
Semi-urban	4.77%	4.79%
Urban	0%	0%
Metropolitan	95.23%	95.20%

<sup>1</sup>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)

Notes:

1. Reported as per BRSR Core Reporting Standard published by SEBI

2. Note: % for FY 2025 restated as per the definition of 'wages' in the BRSR Core Reporting Standard published by SEBI.

**LEADERSHIP INDICATORS**

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not applicable (refer to Principle 8 Essential Indicator No. 1)

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Not applicable as KPCL's CSR activities are generally carried out in the vicinity of its plants / operations. Currently, KPCL does not have any of its plants / operations in or around designated aspirational districts.

**3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups? (Yes/No):**

No.

**b. From which marginalized /vulnerable groups do you procure?**

Not applicable.

**c. What percentage of total procurement (by value) does it constitute?**

Not applicable.

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

KPCL has not derived any benefits from intellectual properties owned or acquired based on traditional knowledge.

**5. Details of corrective actions taken or underway based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:**

Not applicable.

**6. Details of beneficiaries of CSR Projects:**

Sr. No.	CSR Project <sup>1</sup>	No. of people benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Promoting higher education through KIM	195	-
2	RESQ Charitable trust (Wildlife Rescue, treatment, rehabilitation and conservation)	Rescue & Rehabilitation of wild animals	-
3	OGQ support to Athletes (Olympics) & Para Athletes (Paralympics)	468	100%
2	Sponsoring students to promote employability-oriented education / skilling (NTTF Diploma; Mechatronics & Smart Factory, Electronics & Embedded Systems, Electrical & Electronics)	151	100%
3	Bharari (Life-skills for Secondary School students from 6 schools)	944	100%
4	KaShi (Education Support for Secondary School students)	45	100%
5	School and College Environmental Initiative for 15 schools and 10 colleges	55,000	100%
6	Relashani (School Health Initiative-Adolescence) for 15 schools / junior colleges	2,870	100%
7	School Teachers health check up	968	100%

Notes:

KPCL's various CSR initiatives have benefitted 60,000 + community members in the reporting year of FY 26.

1. KPCL's CSR Guiding Principles and Projects are aligned to United Nation's Sustainable Development Goals. Refer to details of CSR Initiatives of the Company in Director's Report and Management Discussion & Analysis in addition to Annexure 2 (CSR Report) of the Annual Report 2025-26. Corporate Social Responsibility Policy of the Company can be accessed through the website policies link: <https://www.kirloskarpneumatic.com/investors>.

**PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner.**

**ESSENTIAL INDICATORS**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:**

Resolving customer complaints and action planning on improvements identified through customer feedback are considered by KPCL as the topmost priority.

A specialised system i.e. CCMS (Customer Complaints Management System) through ERP is used to register, track and resolve customer complaints in an on-going manner. The end users: OEMs can also lodge the complaints with KPCL's dealers which eventually reach the respective SBU Service teams through Regional Offices and Head Office.

Additionally, various stakeholder engagements including annual Dealer's Meet also capture issues faced by the dealers, consultants and end users / OEMs.

Customer Satisfaction Survey is carried out every alternate year through independent external agency for all SBUs. It not only highlights the satisfaction levels but also the issues faced by customers, dealers, consultants and end users.

Monthly Feedback Meetings (MFMs) led by QA and SBUs are conducted to monitor progress on issues raised by customers. The customer complaints are a key performance parameter for every SBU, and related data / actions are reviewed monthly in MORE (Management Operations Review) meetings.

KPCL's Whistle-blower Policy is applicable to its customers as well. Web link:

[https://www.kirloskarpneumatic.com/documents/3010307/3499608/Whistle+Blower+Policy+\\_+\\_Vigil+Mechanism+%281%29.pdf/ac17c672-d2a1-d15f-f4fd-295d02edf1cb?t=1780911359054](https://www.kirloskarpneumatic.com/documents/3010307/3499608/Whistle+Blower+Policy+_+_Vigil+Mechanism+%281%29.pdf/ac17c672-d2a1-d15f-f4fd-295d02edf1cb?t=1780911359054)

**2. Turnover of products and / services as a percentage of turnover from all products/ service that carry information about:**

Parameter	As a percentage to total turnover
Environmental and social parameters relevant to the product	100% of KPCL's products carry information about its responsible and safe usage. KPCL provides relevant environmental, social information as well as dos and don'ts in product brochures, labels as per the requirement of national and international regulatory guidelines. The Operations & Maintenance Manuals carry a detailed guideline about safe use and end of life disposal of products.
Safe and responsible usage	
Recycling and/or safe disposal	

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

Category	FY 2026			FY 2025		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other	0	0	NA	0	0	NA

**4. Details of instances of product recalls on account of safety issues:**

KPCL had no instances of either voluntary or forced product recalls on safety issues during FY 26.

**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/documents/3010307/3499608/Information+Security+Policy.pdf/2b1cd6c4-58df-1490-aeab-5e444f00934a?t=1743677332139>

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services:**

KPCL has these preventive mechanisms in place: Tools like Antivirus (End Point Detection and Response), Threat Protection Software, Intrusion Detection and Prevention Software, Strong Passwords (End User Training / Awareness and Policies) as well as additionally Firewall Setup, Web Filtering Software, Product Patching and Monitoring.

We have completed the implementations of SOC (Security Operations Centre), NOC (Network Operations Centre) and SSO (Single Sign On) for all users as well as onboarding of Vulnerability Assessment Tools and Port Scanning.

**7. Provide the following information relating to data breaches<sup>1</sup>:**

**a. Number of instances of data breaches along-with impact:** No data breaches were recorded in FY 26.

**b. Percentage of data breaches involving personally identifiable information of customers:**  
No data breaches were recorded in FY 26.

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

Note:

1. Reported as per BRSR Core Reporting Standard published by SEBI.

**LEADERSHIP INDICATORS**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available):**

Information relating to all the products and services provided by KPCL is available on the Company's website, <https://www.kirloskarpneumatic.com/about-us/innovations#r-and-d-highlights>

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services:**

Operation, Instructions and Maintenance Manual is supplied along with the products which cover instructions / guidelines related to safe and responsible operation of products including do's & don'ts and end of use disposal.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:

Not applicable as KPCL is not directly involved in providing essential services to consumers. Company has a strong and ongoing engagement with all its identified stakeholders that ensures that any risk of disruption / discontinuation of services are managed with mutual considerations.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No):

Yes, KPCL does provide basic information related to product such as Product Model No. / Sr. No, Manufacturing Year, Applicable Technical Parameters of products as well as safety 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.

## BRSR Value Chain Disclosure

### Executive Summary

In today's dynamic industrial environment shaped by climate change, technological evolution, and geopolitical shifts, robust supply chain resilience and sustainability have become strategic priorities. For engineered solutions providers like Kirloskar Pneumatic Company Limited ("KPCL"/ "Company"), these drivers pose both challenges and opportunities: innovation cycles are accelerating, ESG regulations are tightening, and disruptions, from supply shocks to regulatory changes, are emerging more frequently. As a result, KPCL is moving beyond conventional cost-driven approaches to embrace value-led, ecosystem-based sourcing strategies that enhance transparency, trust, and long-term competitiveness.

Resilience and sustainability underpin KPCL's supply chain ethos. Operating across critical sectors such as manufacturing, oil & gas, power, and refrigeration, KPCL recognizes its responsibility to reduce emissions, manage resources responsibly, and ensure ethical supplier practices. Our ESG Policy that is aligned with global frameworks extends to value chain ensuring our partners adopt best-in-class environmental, social, and governance standards.

This Value Chain Report ("Report") has been structured to disclose the performance of our value chain against the BRSR Core framework, a streamlined version of the broader sustainability reporting standard by Securities and Exchange Board of India (SEBI). Pursuant to SEBI Circular No. SEBI/HO/CFD/CFD/PoD-1/P/CIR/2025/42 dated March 28, 2025, the requirement for disclosing and assuring value chain data that has been deferred by one year, with the reporting boundary now covering partners contributing 2% to the purchases or sales value, cumulatively covering up to 75% of total value.

KPCL is utilizing this extended timeline to further reinforce ESG due diligence across its value chain and enhance the availability, quality, and consistency of supplier-level ESG data. Through structured collaboration with its suppliers, KPCL aims to identify and mitigate potential ESG risks, promote continuous improvement, and ensure preparedness for future regulatory requirements, while collectively driving long term value creation and sustainable development.

### ESG Commitment and Governance

KPCL's Environmental, Social & Governance (ESG) Policy establishes a unified framework for integrating sustainability across its business operations and value chain. The Policy guides the Company toward reducing environmental impacts (e.g., emissions, water use, pollution), supporting resource efficiency, promoting circular economy principles, and enhancing biodiversity considerations. On the social front, KPCL emphasizes equal opportunities, workplace safety, fair labour standards, and continuous skill development. Governance commitments include transparency, regulatory compliance, ethical conduct, and stakeholder engagement, all governed under a robust code of conduct applicable to employees and partners alike.

KPCL is proactively engaging with its value chain partners as part of its continued commitment to transparent, responsible, and sustainable business practices. This initiative supports the systematic assessment and disclosure of BRSR Core indicators, with particular emphasis on strengthening supply chain sustainability and ESG governance.

### Approach to Supplier Engagement and Data Collection

KPCL's approach follows a structured methodology to gather data against the BRSR Core framework.

1. **Supplier Prioritization:** Identification of suppliers meeting SEBI-defined value thresholds ( $\geq 2\%$  procurement value), covering up to 75% of total procurement spend.
2. **Structured data collection:** Deployment of standardized questionnaires based on BRSR Core environmental, social, and governance indicators.
3. **Capacity Building:** Conducted BRSR Core sensitization workshops covering a detailed walkthrough of the nine Core indicators and their computation.

## Reporting Scope

This Report has been prepared in accordance with the SEBI BRSR Core framework and covers upstream value chain partners that meet the revised materiality thresholds prescribed under the SEBI Circular dated March 28, 2025. The reporting boundary has been carefully defined to ensure accuracy, comparability, and consistency across all indicators evaluated.

For FY 2024-25, KPCL's total procurement spend stood at INR 853 crore. In accordance with the regulatory requirement to include value chain partners contributing  $\geq 2\%$  of annual procurement spend; the assessment boundary includes suppliers meeting this threshold. This assessment identified 8 suppliers who accounted for 2% or more of the total procurement spend. We have received partial information from few suppliers who independently meet the SEBI-defined threshold; however, this data has not been included in the current Report to maintain consistency across indicators and avoid reporting gaps that could arise due to incomplete submissions. The scope of the Report presents complete and verifiable BRSR Core information of suppliers who account for 2.73% of KPCL's total procurement spend; the required supplier information was sourced from publicly available disclosures.

KPCL is committed to building the readiness of its suppliers and is actively engaging with them to support their ability to collect, maintain, and report BRSR-aligned data in future reporting cycles.

## ESG Performance of Value Chain Partners

The BRSR Core framework focuses on a set of nine essential ESG attributes that enable companies to disclose high-quality, assured, and comparable sustainability information. These indicators represent priority areas where ESG performance can have material impacts on a company's operations, supply chain, and long-term value creation. The nine attributes cover critical aspects of business responsibility, such as greenhouse gas emissions, water management, workforce well being, waste handling, and ethical practices. They are designed to encourage responsible conduct, enhance transparency, and drive improved ESG maturity across industry value chains. For KPCL, these attributes provide a structured lens through which to assess and engage its suppliers, ensuring that environmental stewardship, social responsibility, and governance integrity are upheld across the ecosystem.

## Greenhouse Gas Footprint

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Greenhouse Gas (GHG) Footprint	Total Scope 1 emissions	MT	7,541	8,270
		Total Scope 2 emissions	MT	18,548	17,099
		GHG emission intensity (Scope 1+2)	MT/Unit of output	0.18	0.20
			MTCO2e/INR adjusted for Purchasing Power Parity (PPP)	0.0000053	0.0000066

## Water Footprint

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024	
1.	Water footprint	Total water consumption	KL	1,76,041	1,70,013	
		Water consumption intensity	KL/ Unit of output	1.27	1.35	
			KL/INR adjusted for PPP	0.0000358	0.0000441	
		Water discharge by destination and levels of treatment				
		(i) To Surface water				
		- No Treatment		KL	-	-
		- With Treatment		KL	-	-
		(ii) To Groundwater				
		- No Treatment		KL	103	-
		- With Treatment		KL	-	-
		(iii) To Seawater				
		- No Treatment		KL	-	-
		- With Treatment		KL	-	-
		(iv) Sent to third parties				
		- No Treatment		KL	1,773	2,123
- With Treatment		KL	-	-		
(v) Others						
- No Treatment		KL	-	-		
- With Treatment		KL	-	-		
<b>Total water discharged</b>		<b>KL</b>	<b>1,876</b>	<b>2,123</b>		

## Energy Footprint

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Energy footprint	Total energy consumption	GJ	2,00,812	2,02,057
		Energy consumed from renewable sources	GJ	21,235	21,881
		% Energy consumed from renewable sources	%	10.57	10.83
			GJ/ Unit of output	1.45	1.61
		Energy intensity	GJ/ INR adjusted for PPP	0.0000408	0.0000524

## Embracing Circularity

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Embracing circularity	Plastic waste	MT	131	120
		E-waste	MT	34	5
		Bio-medical waste	MT	0.03	0.04
		Construction and demolition waste	MT	723	1,476
		Battery waste	MT	6	16
		Radioactive waste	MT	-	-
		Other hazardous waste	MT	421	405
		Other non-hazardous waste	MT	5,399	5,001
		<b>Total waste generated</b>	<b>MT</b>	<b>6,714</b>	<b>7,023</b>
		Waste intensity	MT/ Unit of output	0.04	0.05
	MT/INR adjusted for PPP	0.0000014	0.0000018		

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
2.	Waste recovered through recycling, re-using or other recovery options	Waste recycled	MT	6,564	7,005
		Waste reused	MT	-	-
		Waste recovered through other recovery options	MT	-	21
		<b>Total waste recovered</b>	<b>MT</b>	<b>6,564</b>	<b>7,026</b>
3.	Waste disposed by nature of disposal method	Waste incinerated	MT	118	-
		Waste sent to landfill	MT	-	-
		Waste disposed through other disposal options, mention the details	MT	-	-
		<b>Total waste disposed</b>	<b>MT</b>	<b>118</b>	<b>-</b>

### Enhancing Employee Well-being and Safety

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Enhancing employee well-being and safety	Amount spent towards safety and well-being measures as a % of total revenue of the company	%	0.23	0.19
2.	Safety-related incident: Employees	Number of Permanent Disabilities due to safety incidents	Number	-	-
		Lost Time Injury Frequency Rate (LTIFR)	Number	0.40	-
		Number of fatalities	Number	-	-
3.	Safety-related incident: Workers	Number of Permanent Disabilities due to safety incidents	Number	-	-
		Lost Time Injury Frequency Rate (LTIFR)	Number	0.62	0.36
		Number of fatalities	Number	-	-

### Enabling Gender Diversity

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Embracing employee well-being and safety	Gross wages paid to women/female employees and workers as a % of total wages paid	%	20	20
2.	Complaints on POSH	Total Complaints on Sexual Harassment (POSH) reported	Number	1	0
		Complaints as a % of women/female employees and workers	%	0.12	0
		Complaints on POSH upheld	Number	1	0

Note: For FY 2024-25, gross wages paid to females as % of total wages includes actual wages paid to non-permanent employees / workers, basis the clarification provided in the Industry Standards on reporting of BRSR Core released by SEBI.

### Enabling Inclusive Development

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Enabling inclusive development	Total amount of Input material directly sourced from MSMEs/ small producers as a % of total amount of purchases	%	18	21
		Total wages paid to persons in smaller towns as a % of total wages paid*			
		Rural	%	-	-
		Semi-urban	%	9.10	8.10
		Urban	%	4.50	4.10
	Metropolitan	%	86.40	87.90	

Note: As per the clarification provided in the Industry Standards on reporting of BRSR Core released by SEBI, in addition to the permanent employees, gross wages paid to other than permanent employees/workers have also been considered for FY 2025. Hence, the figures are not comparable to FY 2024's figures.

### Fairness in engaging with Customers and Suppliers

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Fairness in engaging with customers and suppliers	Number of instances involving loss/breach of data of customer as a % of total data breaches	%	-	-
		Number of days of accounts payable	Number	75	73

### Openness of Business

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Openness of Business	Purchases from trading houses as a % of total purchases	%	1	NA
		Purchases from top 10 trading houses as a % of total purchases from trading houses	%	98	NA
		Number of trading houses purchases are made from	Number	16	NA
		Sales to dealers/distributors as a % of total sales	%	16	16
		Sales to top 10 dealers/distributors as a % of total sales to dealers and distributors	%	72	75
		Number of dealers/distributors to whom sales are made	Number	165	146
2.	Related-party transactions	Purchases with related parties as a % of total purchases	%	51	52
		Sales to related parties as a % of total sales	%	18	19
		Loans and advances to related parties as a % of total loans and advances	%	0	0
		Investments in related parties as a % of total investments	%	3	3

## Independent Assurance Statement

To,  
**Kirloskar Pneumatic Company Limited**  
**Plot No. 1, Hadapsar Industrial Estate,**  
**Hadapsar, Pune, 411013**

**Independent Assurance Statement to Kirloskar Pneumatic Company Limited on select non-financial sustainability disclosures in the Business Responsibility and Sustainability Report for the financial year 2025-26.**

### Introduction and objective of engagement

Kirloskar Pneumatic Company Limited (the 'Company') has developed its Business Responsibility and Sustainability Report (BRSR) 2025-26 (the 'Report') based on the BRSR reporting guidelines, including the BRSR Core indicators prescribed by SEBI for listed entities. The reporting criteria have been derived from the Principles of National Guidelines on Responsible Business Conduct (NGRBC), and Greenhouse Gas (GHG) Protocol - A Corporate Accounting and Reporting Standard.

BDO India Services Private Limited ("BDO India") was engaged by the Company to provide independent assurance on BRSR Core indicators of the Report that includes the Company's performance for the period 1<sup>st</sup> April 2025 through 31<sup>st</sup> March 2026.

### The Company's responsibilities

The Report content and its presentation are the sole responsibilities of the management of the Company. The Company management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

### BDO India's responsibilities

BDO India's responsibility, as agreed with the management of the Company, is to provide assurance on the Report content as described in the 'Scope, boundary & assurance criteria' section below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance a third party may place on the Report is entirely at its own risk.

### Assurance standard

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and ISAE 3410, "Assurance Engagements on Greenhouse Gas Statement" issued by the International Auditing and Assurance Standards Board (IAASB).

### Scope, boundary & assurance criteria

The reporting scope and boundary cover the Company's standalone operations.

We applied the 'Reasonable' Assurance criteria for non-financial BRSR Core Indicators, pertaining to the Company's disclosure for the period 1<sup>st</sup> April 2025 through 31<sup>st</sup> March 2026.

Verification of non-financial sustainability performance data on sample basis, based on our professional judgment was conducted at Hadapsar (Physical), Saswad (Physical) and Nashik (Virtual).

### Assurance methodology

Our assurance process entails conducting procedures to gather evidence regarding the reliability of the disclosures covered in the assurance scope. We conducted a review and verification of data collection, collation, and calculation methodologies, and a general review of the logic of inclusion/ omission of relevant information/ data in the Report. Our review process included:

- Evaluation and assessment of the appropriateness of the quantification methods used to arrive at the non-financial sustainability information of the BRSR Core indicators in the Report;
- Review of consistency of data/information within the Report as well as between the Report and the source;
- Engagement through discussions with personnel at the corporate level who are accountable for the data and information presented in the Report;
- Execution of an audit trail of claims and data streams, to determine the level of accuracy in collection, transcription, and aggregation;
- Review of data collection and management procedures, and related internal controls.

### Limitations and exclusions:

There are inherent limitations in an assurance engagement, including, for example, the use of judgement and selective testing of data. Accordingly, there are possibilities that material misstatements in the Report may remain undetected.

The assurance scope excludes:

- Data and information outside the defined reporting period (1<sup>st</sup> April 2025 through 31<sup>st</sup> March 2026);
- Review of the 'economic and/or financial performance indicators' included in the Report or on which reporting is based; we have been informed by the Company that these are derived from the Company's audited financial records;
- The Company's statements and claims related to any topic other than those listed in the 'Scope, boundary & assurance criteria';
- The Company's statements that describe qualitative/quantitative assertions, expression of opinion, belief, inference, aspiration/targets, expectation, aim or future intention.

### Our observations

We have reviewed the disclosures in the "Report" for the reporting period from 1<sup>st</sup> April 2025 through 31<sup>st</sup> March 2026. The disclosures of the Company, covered under the 'Scope, boundary & assurance criteria', are fairly reliable.

### Our conclusion

Based on the scope of our review, we conclude that the disclosures fulfil the principles of relevance, completeness, reliability, neutrality, and understandability as per 'reasonable' assurance criteria of the applied Assurance Standard.

### Our assurance team and independence

BDO India Services Private Limited is a professional services firm providing services in Advisory, Assurance, Tax, and Business Advisory Services, to both domestic and international organizations across industry sectors. Our non-financial assurance practitioners for this engagement are drawn from a dedicated Sustainability and ESG Team in the organization. This team is comprised of multidisciplinary professionals, with expertise across the domains of sustainability, global sustainability reporting standards and principles, and related assurance standards. This team has extensive experience in conducting independent assurance of sustainability data, systems, and processes across sectors and geographies. As an assurance provider, BDO India is required to comply with the independence requirements set out in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

For **BDO India Services Private Limited**

Gurugram, Haryana  
24 June 2026

**Indra Guha**  
Partner | Sustainability & ESG  
Business Advisory Services

# Independent Auditor's Report on the Standalone Financial Statements

To the Members of  
**Kirloskar Pneumatic Company Limited**  
**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the accompanying Standalone financial statements of **Kirloskar Pneumatic Company Limited** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2026, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended and notes to the Standalone financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2026, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the standalone financial statements" section of our report. We are independent

of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the standalone financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Sr No	Key Audit Matter	How our audit addressed the key audit matter
1	<p><b>Revenue Recognition</b></p> <p>(Refer note 18, 60.3.1 and 60.4.15 of the accompanying standalone financial statements)</p> <p>The Company's revenue comprises of revenue from sale of goods as well as services. Performance obligations in case of the Company are generally satisfied at a point in time though in a few cases, the same are satisfied over a period of time.</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal financial controls in relation to revenue recognition.</li> <li>Assessing the appropriateness of the accounting policies related to revenue recognition with reference to the applicable Indian Accounting Standards.</li> <li>Testing the revenue transactions recognised during the year by verification of underlying documents on a sample basis.</li> <li>Testing the appropriateness of contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples.</li> </ul>

Sr No	Key Audit Matter	How our audit addressed the key audit matter
	<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>	<ul style="list-style-type: none"> <li>Testing the supporting documents on a sample basis, for sales transactions recorded during the period closer to the year end to determine whether revenue was recognised in the appropriate period based on the terms of contract and as per conditions specified under Ind AS 115 including transfer of control, acceptance of goods by customer and payment received.</li> <li>Assessing the completeness and appropriateness of disclosures relating to revenue recognition as required by the applicable Indian Accounting Standards.</li> </ul>

## Information Other than the standalone financial statements and Auditor's Report thereon

The Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including annexures thereto, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors for the Standalone financial statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were

operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act. We are also responsible for expressing our opinion on whether

the Company has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. A statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in paragraph h (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - e) On the basis of the written representations received from the directors for the year ended 31<sup>st</sup> March, 2026, taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2026, from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) of the Act and paragraph (h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements (Refer Note 41 to the standalone financial statements).
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended:
    - a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the

understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The Company has declared and paid dividend during the year in compliance with Section 123 of the Act.
- vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. The audit trail feature was found to be operational throughout the year for most relevant transactions. In the case of stock adjustments recorded in ERP system, while history is available, user identification details were not recorded. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Also, the Company has preserved the Audit Trail as per the statutory requirements for record retention.

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/payable 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: 26108177WIYGQK1902

Pune, 27<sup>th</sup> April, 2026

## Annexure “A” To The Independent Auditor’s Report

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Kirloskar Pneumatic Company Limited of even date)

We report that:

- (i) In respect of the Company’s fixed assets (Property, plant and equipment):
- (a) (A) The Company is maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Company has a program of physical verification of property, plant and equipment wherein all items of property, plant and equipment are verified once in every 3 years period, which is reasonable with regard to the size of the Company and nature of its assets. Accordingly, such verification was carried out in previous year ended 31<sup>st</sup> March, 2025 in line with the fixed asset verification policy. The discrepancies noticed during such verification were not material.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 1 to the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (PPE) (including Right of Use assets) & intangible assets during the year. Accordingly, reporting requirements Clause 3(i) (d) of the Order regarding Revaluation of PPE and intangible assets is not applicable.
- (e) According to the information, explanations given and represented to us by the management of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting requirements of Clause 3(i) (e) of the Order is not applicable.
- (ii) (a) According to the information and explanation given to us and records examined by us, the physical verification of inventory has been conducted by the management at reasonable intervals other than stocks lying with third parties, and the coverage and procedure of such verification by the management is appropriate.
- Inventory lying with third parties at the year-end has been confirmed by respective parties. Discrepancies of 10% or more in the aggregate for each class of inventory were not noticed by the management on such verification.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of account of the Company.
- (iii) (a) On the basis of examination of records of the Company and information and explanation given to us, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. The Company has made investment in several mutual fund schemes during the year.
- (b) Based on the information and explanations provided to us, In respect of the aforesaid investments the terms and conditions under which such investments were made are not prejudicial to the Company’s interest.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting requirement of clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- (d) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting under clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties.

Accordingly, the reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

- (f) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting under clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us:
- (a) The Company has not given loans or guarantees or provided securities which are covered by the provisions of Section 185 and 186 of the Act. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable.
- (b) In respect of investments made by the Company, provisions of section 186 of the Companies Act, 2013 have been complied with.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public, hence the directives issued by the Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable.

No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for contravention of these sections or any other relevant provision(s) of the Act and the relevant rules. Accordingly, reporting requirement of clause (v) of paragraph 3 of the order is not applicable to the company.

- (vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1<sup>st</sup> July, 2017, these statutory dues have been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/acrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees State Insurance, Income Tax, and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, other than profession tax of ₹ 2250/-, that was paid after

the balance sheet date, no undisputed amounts payable in respect of statutory dues were in arrears as at 31<sup>st</sup> March, 2026 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Sr. No.	Name of Statute	Nature of Dues	Authority where pending	Period to which it relates	Amount under dispute (₹ millions)*
1	Income Tax Act, 1961	Provision for Pension scheme	High Court, Mumbai	FY 1996-97	6.97
2	Central Excise Act, 1944	Inadmissible/Excess cenvat credit	Assistant Commissioner CGST, Pune	August 2013 to July 2016	0.01
3	Customs Act, 1962	Lower duty rate due to classification of goods	Assistant Commissioner (Customs)-Mumbai	FY 1997-98	1.45
4	Customs Act, 1962	Lower duty rate due to classification of goods	Joint Commissioner of Customs, (Audit), NHC, Mumbai	FY 2017-18	0.52
5	Customs Act, 1962	Lower duty rate due to classification of goods	Assistant Commissioner of Customs, Mumbai	FY 2018-19 & FY 2019-20	0.32
6	Customs Act, 1962	Lower duty rate due to classification of goods	CSETAT, Mumbai	FY 2019-20 & FY 2022-23	11.94

7	Central Sales Tax Act, 1956	Non-production of concessional tax rate forms	Sales Tax Tribunal, 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.
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\* Net of amount paid under protest.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly reporting requirement of clause (viii) of paragraph 3 of the order is not applicable to the company.
- (ix) Based on representation given by the management of the Company and according to the information and explanations given to us-
- (a) The Company did not have any loans or borrowings from any lender during the year. Accordingly, reporting under paragraph 3(ix)(a) of the order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not obtained any new term loans during the year. Accordingly reporting under paragraph 3(ix)(c) is not applicable.
- (d) On an overall examination of the standalone financial statements of the Company, we report that the Company has not used funds raised on short term basis for long term purposes.
- (e) According to the information and explanations given to us and based on our audit procedures, the Company has not taken any funds from any entity or person on account of or to meet the obligations of subsidiary. Also, company does not have joint ventures and associate companies. Accordingly, reporting under paragraph 3(ix)(e) is not applicable to the Company.
- (f) According to the information and explanations given to us and based on our audit procedures, the Company has not raised loans during the year on the pledge of securities held in its subsidiary. Also, Company does not have joint ventures and associate companies. Accordingly, reporting under paragraph 3(ix)(f) is not applicable to the Company.
- (x) In our opinion and according to the information and explanations given to us:
- (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under paragraph 3(x)(a) of the Order is not applicable.
- (xi) Based upon the audit procedures performed for the purpose of reporting upon the true and fair view of the standalone financial statements, to the best of our knowledge and according to the information and explanations given to us:
- (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, a report under Section 143(12) of the Act in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting requirement of clause (xi)(b) of paragraph 3 of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- (xiv) In our opinion and according to the information and explanations given to us,
- (a) The Company's internal audit system is commensurate with the size and nature of its business.
- (b) Reports submitted by the internal auditor during the year have been considered during the course of our audit.

- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable.
- (xvi) In our opinion and according to the information and explanations given to us:
- (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under paragraph 3(xvi)(a) is not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, reporting under paragraph 3(xvi)(b) is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) is not applicable.
- (d) In the group (in accordance with Core Investment Companies (Reserve Bank) Directions, 2016), there are 2 companies forming part of the promoter/promoter group of the Company which are CICs. (These are unregistered CICs as per Para 9.1 of Notification No. RBI/2020-21/24 dated 13<sup>th</sup> August 2020 of the Reserve Bank of India).
- (xvii) The Company has not incurred any cash losses during the financial year ended on 31<sup>st</sup> March, 2026 and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under paragraph 3(xviii) of the Order is not applicable.
- (xix) In our opinion and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statement, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us:
- a) In respect of other than ongoing projects, there is no unspent amount that would be required to be transferred to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to section 135(5) of the said Act. Accordingly, reporting under paragraph 3(xx) of the Order is not applicable.
- b) There are no unspent amounts with respect to ongoing projects that would be required to be transferred to a special account in compliance of provisions of Section 135(6) of the Act.

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

**Anand Jog**  
Partner  
Membership No.: 108177  
UDIN: 26108177WIYGQK1902

Pune, 27<sup>th</sup> April, 2026

## Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

### Opinion

We have audited the internal financial controls with reference to standalone financial statements of **Kirloskar Pneumatic Company Limited** (“the Company”) as of 31<sup>st</sup> March, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31<sup>st</sup> March, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the “Guidance Note” issued by the Institute of Chartered Accountants of India (ICAI).

### Management and Board of Directors Responsibility for Internal Financial Controls

The Company’s management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act,

2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to the standalone financial statements of the Company.

### Meaning of Internal Financial Controls with reference to standalone financial statements

A Company’s internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the standalone financial statements.

### Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

**Anand Jog**  
Partner  
Membership No.: 108177  
UDIN: 26108177W1YGQK1902

Pune, 27<sup>th</sup> April, 2026

## Balance Sheet

As at 31<sup>st</sup> March, 2026

CIN: L29120PN1974PLC110307

₹ in Million

Particulars	Note No.	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment (Includes ROU Asset)	1	3,326.71	2,867.51
(b) Capital work-in-progress	1A	50.91	196.71
(c) Other Intangible Assets	2	32.15	38.02
(d) Intangible Assets Under Development	2A	16.13	16.18
(e) Financial Assets			
(i) Investments	3	1,355.03	1,914.58
(ii) Trade Receivables	4	21.51	23.00
(iii) Loans		-	-
(iv) Other Financial Assets	5	72.48	68.11
(f) Other Non-Current Assets	7	6.31	2.60
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,881.23</b>	<b>5,126.71</b>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	9	2,107.17	1,992.60
(b) Financial Assets			
(i) Investments	3	3,426.22	2,685.52
(ii) Trade Receivables	4	5,204.68	4,758.80
(iii) Cash and Cash Equivalents	10	1,139.48	634.38
(iv) Bank Balance other than (iii) above	10	34.30	35.66
(v) Others Financial Assets	5	267.63	304.59
(c) Other Current Assets	7	319.88	535.66
(d) Assets Classified as Held for Sale	8	1.56	59.00
<b>TOTAL CURRENT ASSETS</b>		<b>12,500.92</b>	<b>11,006.21</b>
<b>TOTAL ASSETS</b>		<b>17,382.15</b>	<b>16,132.92</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) EQUITY</b>			
(a) Equity Share Capital	12	129.92	129.79
(b) Other Equity	13	12,379.57	10,831.05
<b>TOTAL EQUITY</b>		<b>12,509.49</b>	<b>10,960.84</b>
<b>(2) LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Lease Liabilities		-	2.43
(iii) Other Financial Liabilities	15	0.45	0.45
(b) Provisions	16	112.14	99.68
(c) Deferred Tax Liabilities (net)	6	106.71	179.39
(d) Other Non-Current Liabilities		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>219.30</b>	<b>281.95</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings		-	-
(Current Maturities of Long-Term Debt)			
(ii) Lease Liabilities		2.43	2.75
(iii) Trade Payables	14		
a) total outstanding dues of micro and small enterprises		248.08	304.53
b) total outstanding dues of Creditors other than micro and small enterprises		2,290.64	1,779.95
(iv) Other Financial Liabilities	15	1,009.37	840.35
(b) Other Current Liabilities	17	831.11	1,818.70
(c) Provisions	16	251.66	102.75
(d) Current Tax Liabilities (Net)	11	20.07	41.10
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,653.36</b>	<b>4,890.13</b>
<b>TOTAL LIABILITIES</b>		<b>4,872.66</b>	<b>5,172.08</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,382.15</b>	<b>16,132.92</b>
Notes forming part of the Financial Statements	1 - 60		

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

## Statement of Profit and Loss

For the year ended 31<sup>st</sup> March, 2026

CIN: L29120PN1974PLC110307

₹ in Million

Particulars	Note No.	2025-26	2024-25
<b>INCOME :</b>			
I Revenue from Operations	18	17,592.26	16,286.27
II Other Income	19	270.78	221.11
<b>III TOTAL INCOME (I + II)</b>		<b>17,863.04</b>	<b>16,507.38</b>
<b>EXPENSES :</b>			
Cost of Materials Consumed	20	8,306.65	8,242.97
Purchase of Traded Goods	21	575.13	488.68
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	22	(154.32)	(145.78)
Employee Benefits Expenses	23	2,005.47	1,769.94
Finance Costs	24	1.97	0.41
Depreciation and Amortization Expense	25	310.93	288.88
Other Expenses	26	3,254.53	3,017.26
<b>IV TOTAL EXPENSES</b>		<b>14,300.36</b>	<b>13,662.36</b>
<b>V Profit before Exceptional Items and Tax (III - IV)</b>		<b>3,562.68</b>	<b>2,845.02</b>
VI Exceptional Items	52	140.35	38.49
<b>VII Profit Before Tax (V-VI)</b>		<b>3,422.33</b>	<b>2,806.53</b>
<b>VIII Tax Expense:</b>	46		
Current Tax (Incl. of ₹ 4.57 Million in respect of earlier years (Previous Year - ₹ 85.00 Million))		838.50	695.00
Deferred Tax		(0.28)	0.83
		<b>838.22</b>	<b>695.83</b>
<b>IX Profit for the Year (VII-VIII)</b>		<b>2,584.11</b>	<b>2,110.70</b>
<b>X Other Comprehensive Income (OCI)</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
i) Re-measurement of net Defined Benefit Obligation		30.29	(20.60)
ii) Equity Instruments through Other Comprehensive Income		(559.55)	32.39
		<b>(529.26)</b>	<b>11.79</b>
<b>b) Income tax relating to items that will not be reclassified to profit or loss</b>			
i) Taxes on Re-measurement of net Defined Benefit Obligation		(7.62)	5.19
ii) Taxes on Equity Instruments through Other Comprehensive Income		80.02	(3.49)
		<b>72.40</b>	<b>1.70</b>
<b>Total Other Comprehensive Income</b>		<b>(456.86)</b>	<b>13.49</b>
<b>Total Comprehensive Income for the period (IX + X) (Comprising Profit and Other Comprehensive Income for the period)</b>		<b>2,127.25</b>	<b>2,124.19</b>
Earning per Share : [ nominal value per share ₹ 2/- ]	44		
(1) Basic ₹		<b>39.80</b>	32.56
(2) Diluted ₹		<b>39.74</b>	32.48
Notes forming part of the Financial Statements	1- 60		

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

## Statement of Changes in Equity

For the year ended 31<sup>st</sup> March, 2026  
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
2025-26	129.79	-	N.A.	0.13	<b>129.92</b>
2024-25	129.55	-	N.A.	0.24	129.79

### B: Other Equity :

#### (1) Current Reporting Period

₹ in Million

Particulars	Reserves and Surplus			Share Based Payment	Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings			
Balance as on 1 <sup>st</sup> April 2025	214.10	7,750.00	1,262.83	70.77	1,533.35	10,831.05
Profit for the year	-	-	2,584.11	-	-	2,584.11
Other Comprehensive Income for the year - Fair Valuation Net of Tax	-	-	-	-	(479.53)	(479.53)
Other Comprehensive Income for the year - Actuarial Gain/(Loss) - Net of Tax	-	-	22.67	-	-	22.67
Dividend Paid	-	-	(421.94)	-	-	(421.94)
Interim Dividend	-	-	(227.33)	-	-	(227.33)
Transfer from Share Based Payment Reserve on account of Lapsed of ESOS	-	-	7.80	(7.80)	-	-
Transfer from Share Based Payment	17.13	-	-	(17.13)	-	-
For the Year from ESOS	22.88	-	-	47.66	-	70.54
Transfer from retained earnings	-	-	-	-	-	-
<b>Balance as on 31<sup>st</sup> March, 2026</b>	<b>254.11</b>	<b>7,750.00</b>	<b>3,228.14</b>	<b>93.50</b>	<b>1,053.82</b>	<b>12,379.57</b>

#### (2) Previous Reporting Period

₹ in Million

Particulars	Reserves and Surplus			Share Based Payment	Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings			
Balance as on 1 <sup>st</sup> April 2024	166.99	6,750.00	651.00	44.36	1,504.45	9,116.80
Profit for the year	-	-	2,110.70	-	-	2,110.70
Other Comprehensive Income for the year - Fair Valuation	-	-	-	-	28.90	28.90
Other Comprehensive Income for the year - Actuarial Gain/(Loss) - Net of Tax	-	-	(15.42)	-	-	(15.42)
Dividend Paid	-	-	(259.24)	-	-	(259.24)
Interim Dividend	-	-	(227.07)	-	-	(227.07)
Transfer from Share Based Payment Reserve on account of Lapsed of ESOS	-	-	2.86	(2.86)	-	-
Transfer from Share Based Payment	18.78	-	-	(18.78)	-	-
For the Year from ESOS	28.33	-	-	48.05	-	76.38
Transfer from retained earnings	-	1,000.00	(1,000.00)	-	-	-
<b>Balance as on 31<sup>st</sup> March, 2025</b>	<b>214.10</b>	<b>7,750.00</b>	<b>1,262.83</b>	<b>70.77</b>	<b>1,533.35</b>	<b>10,831.05</b>

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

## Statement of Cash Flows

For the year ended 31<sup>st</sup> March, 2026  
CIN: L29120PN1974PLC110307

₹ in Million

Particulars	2025-26	2024-25
<b>A) Cash Flow From Operating Activities</b>		
<b>Profit Before Tax</b>	<b>3,422.33</b>	<b>2,806.53</b>
<b>Adjustments for :</b>		
Depreciation and amortisation expense	310.93	288.88
Exceptional items	-	38.49
Interest income	(9.73)	(35.76)
Unwinding of Interest on Security Deposits	(1.01)	(0.95)
Share Based Payment	47.66	48.05
Dividend income	(36.40)	(24.45)
Foreign Exchange Gain, Net	(1.57)	(4.23)
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit or Loss	(191.36)	(146.52)
Loss/(gain) on Sale of Investments	(20.00)	(9.40)
Loss/(gain) on disposal of property, plant and equipment	(10.40)	2.34
Finance costs	1.97	0.41
Bad Debts	66.96	60.95
Others	6.61	11.15
<b>Operating profit before working capital adjustments</b>	<b>3,585.99</b>	<b>3,035.49</b>
<b>Working capital adjustments</b>		
(Increase)/decrease in trade receivables	(511.35)	(1,096.27)
(Increase)/decrease in inventories	(114.57)	32.30
(Increase)/decrease in other financial assets	1.59	461.04
(Increase)/decrease in other Current/Non Current assets	311.29	(149.98)
Increase/(decrease) in trade payables	454.24	57.10
Increase/(decrease) in financial liabilities	169.29	28.27
Increase/(decrease) in other Current/Non Current liabilities	(987.60)	445.55
Increase/(decrease) in provisions	185.05	17.52
<b>Cash generated from operations</b>	<b>3,093.93</b>	<b>2,831.02</b>
Income taxes paid	(817.47)	(680.41)
<b>Net cash inflow from operating activities</b>	<b>2,276.46</b>	<b>2,150.61</b>
<b>B) Cash flow from investing activities</b>		
Payments for property, plant and equipment, intangible assets	(663.32)	(779.22)
Proceeds from sale of property, plant and equipment, intangible assets	13.54	2.19
Sale/Redemption of Investments	370.22	115.47
Purchase of Investments	(899.55)	(944.95)
Interest income	9.73	26.95
Dividend income	36.40	24.45
<b>Net cash outflow from investing activities</b>	<b>(1,132.98)</b>	<b>(1,555.11)</b>
<b>C) Cash flow from financing activities</b>		
Proceeds from issuance of share capital (includes securities premium)	23.01	28.58
Finance costs	(0.64)	5.55
Lease Payments	(3.00)	(3.00)
Payment of fractional entitlement of shares	(2.28)	-
Dividends paid	(648.35)	(485.96)
<b>Net cash outflow from financing activities</b>	<b>(631.26)</b>	<b>(454.83)</b>
Net increase/(decrease) in cash and cash equivalents	512.22	140.67
Cash and cash equivalents at beginning of the financial year	634.38	495.91
Effect of exchange rate changes on cash and cash equivalents	(7.12)	(2.20)
<b>Cash and cash equivalents at end of the financial year (Refer Note No. 10)</b>	<b>1,139.48</b>	<b>634.38</b>

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2026

## Note 1: Property, Plant And Equipment :

₹ in Million

Particulars	PROPERTY, PLANT AND EQUIPMENT										Total	Capital Work In Progress
	Free Hold Land	Buildings	Plant & Machinery	Electrical Installation	Office Equipments	Computer	Furniture & Fixture	Vehicle	Assets Under Operating Lease	Right Of Use Asset		
Gross Carrying Amount As at 01/04/2024	619.67	719.13	1,457.90	182.21	36.22	145.23	456.0	78.67	483.09	26.97	3,754.69	317.58
Additions	24.82	545.46	173.12	16.23	18.35	30.97	26.06	22.54	-	-	857.55	736.68
Deductions and adjustments	-	9.12	25.71	4.10	13.77	22.32	18.65	6.99	-	-	100.86	87.55
<b>Gross Carrying Amount As at 31/03/2025</b>	<b>644.49</b>	<b>1,255.47</b>	<b>1,605.31</b>	<b>174.34</b>	<b>40.80</b>	<b>153.88</b>	<b>53.01</b>	<b>94.22</b>	<b>483.09</b>	<b>26.97</b>	<b>4,511.58</b>	<b>196.71</b>
Accumulated Depreciation As at 01/04/2024	-	133.79	687.24	45.91	23.15	106.36	14.77	35.76	430.75	16.97	1,474.70	-
Depreciation for the year	-	24.26	138.11	15.09	5.19	27.31	5.28	14.38	32.33	3.53	265.48	-
Deductions and Adjustments	9.11	23.93	9.11	4.06	13.39	22.31	17.24	6.07	-	-	96.11	-
<b>Accumulated Depreciation up to 31/03/2025</b>	<b>-</b>	<b>148.94</b>	<b>781.42</b>	<b>56.94</b>	<b>14.95</b>	<b>111.36</b>	<b>2.81</b>	<b>44.07</b>	<b>483.08</b>	<b>20.50</b>	<b>1,644.07</b>	<b>-</b>
<b>Net Carrying Amount as at 31/03/2025</b>	<b>644.49</b>	<b>1,106.53</b>	<b>823.89</b>	<b>117.40</b>	<b>25.85</b>	<b>42.52</b>	<b>50.20</b>	<b>50.15</b>	<b>0.01</b>	<b>6.47</b>	<b>2,867.51</b>	<b>196.71</b>
Gross Carrying Amount As at 01/04/2025	644.49	1,255.47	1,605.31	174.34	40.80	153.88	53.01	94.22	483.09	26.97	4,511.58	196.71
Additions	9.19	104.04	452.43	107.02	10.10	15.03	16.46	42.13	-	-	756.40	610.60
Deductions and adjustments	-	2.19	29.65	0.27	0.49	2.34	-	23.62	-	-	58.56	756.40
<b>Gross Carrying Amount As at 31/03/2026</b>	<b>653.68</b>	<b>1,357.32</b>	<b>2,028.09</b>	<b>281.09</b>	<b>50.41</b>	<b>166.57</b>	<b>69.47</b>	<b>112.73</b>	<b>483.09</b>	<b>26.97</b>	<b>5,209.42</b>	<b>50.91</b>
Accumulated Depreciation As at 01/04/2025	-	148.94	781.42	56.94	14.95	111.36	2.81	44.07	483.08	20.50	1,644.07	-
Depreciation for the year	-	35.50	173.46	23.11	7.41	24.39	7.03	19.63	-	3.53	294.06	-
Deductions and Adjustments	-	2.19	29.25	0.21	0.44	2.34	-	20.99	-	-	55.42	-
<b>Accumulated Depreciation up to 31/03/2026</b>	<b>-</b>	<b>182.25</b>	<b>925.63</b>	<b>79.84</b>	<b>21.82</b>	<b>133.41</b>	<b>9.84</b>	<b>42.71</b>	<b>483.08</b>	<b>24.03</b>	<b>1,882.71</b>	<b>-</b>
<b>Net Carrying Amount As at 31/03/2026</b>	<b>653.68</b>	<b>1,175.07</b>	<b>1,102.46</b>	<b>201.25</b>	<b>28.49</b>	<b>33.16</b>	<b>59.63</b>	<b>70.02</b>	<b>0.01</b>	<b>2.94</b>	<b>3,326.71</b>	<b>50.91</b>
Net Carrying Amount As at 31/03/2025	644.49	1,106.53	823.89	117.40	25.85	42.52	50.20	50.15	0.01	6.47	2,867.51	196.71

Title deeds of immovable Properties are held in name of the Company.

"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 31<sup>st</sup> March, 2026

### Note 1A: Capital-Work-in Progress (CWIP) :

#### i) CWIP aging schedule :

₹ in Million

Particulars	AS AT 31 <sup>st</sup> March 2026				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	50.01	0.90	-	-	<b>50.91</b>
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-
Projects exceeded cost and time estimate	N.A.	N.A.	N.A.	N.A.	-

₹ in Million

Particulars	AS AT 31 <sup>st</sup> March 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	196.71	-	-	-	<b>196.71</b>
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-
Projects exceeded cost and time estimate	N.A.	N.A.	N.A.	N.A.	-

### Note 2: Other Intangible Assets :

₹ in Million

Particulars	OTHER INTANGIBLE ASSETS			Intangible Assets Under Development
	Softwares	Technical Know How	Total	
Gross Carrying Amount As at 01/04/2024	50.77	183.78	234.55	31.23
Additions	9.07	13.05	22.12	7.07
Deductions and adjustments	-	-	-	22.12
<b>Gross Carrying Amount As at 31/03/2025</b>	<b>59.84</b>	<b>196.83</b>	<b>256.67</b>	<b>16.18</b>
Accumulated Amortisation As at 01/04/2024	45.50	149.75	195.25	-
Amortisation for the year	10.43	12.97	23.40	-
Deductions and Adjustments	-	-	-	-
<b>Accumulated Amortisation up to 31/03/2025</b>	<b>55.93</b>	<b>162.72</b>	<b>218.65</b>	<b>-</b>
<b>Net Carrying Amount as at 31/03/2025</b>	<b>3.91</b>	<b>34.11</b>	<b>38.02</b>	<b>16.18</b>
Gross Carrying Amount As at 01/04/2025	59.84	196.83	256.67	16.18
Additions	5.25	5.75	11.00	10.95
Deductions and adjustments	-	-	-	11.00
<b>Gross Carrying Amount As at 31/03/2026</b>	<b>65.09</b>	<b>202.58</b>	<b>267.67</b>	<b>16.13</b>
Accumulated Amortisation As at 01/04/2025	55.93	162.72	218.65	-
Amortisation for the year	4.69	12.18	16.87	-
Deductions and Adjustments	-	-	-	-
<b>Accumulated Amortisation up to 31/03/2026</b>	<b>60.62</b>	<b>174.90</b>	<b>235.52</b>	<b>-</b>
<b>Net Carrying Amount As at 31/03/2026</b>	<b>4.47</b>	<b>27.68</b>	<b>32.15</b>	<b>16.13</b>
Net Carrying Amount As at 31/03/2025	3.91	34.11	38.02	16.18

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 2A: Intangible assets under development :

#### i) Intangible assets under development aging schedule :

₹ in Million

Particulars	AS AT 31 <sup>st</sup> March 2026				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.09	7.26	4.78	-	16.13
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

Expected capitalisation of ₹16.13 Million (Previous year ₹16.18 Million) in next one year.

₹ in Million

Particulars	AS AT 31 <sup>st</sup> March 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8.07	8.11	-	-	16.18
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

### Note 3: Investments (Non Current) :

Particulars	Face Value ₹	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
		Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
<b>At Fair Value through Profit or Loss (FVTPL)</b>					
In Debentures and Bonds :					
<b>Quoted :</b>					
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*
<b>Total Fair Value through Profit or Loss (FVTPL)</b>			<b>0.00</b>		<b>0.00</b>
<b>At Fair Value through Other Comprehensive Income (FVTOCI)</b>					
Equity Shares :					
<b>Unquoted :</b>					
<b>Fully Paid Shares</b>					
Kirloskar Proprietary Ltd.	100	11	0.08	11	0.08
S L Kirloskar CSR Foundation	10	9,800	0.10	9,800	0.10
Kirloskar Management Services Pvt. Ltd.	10	4,87,500	9.26	4,87,500	9.26
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*
Kirloskar Chillers Pvt. Ltd.	10	2,25,000	301.05	2,25,000	579.37
			<b>311.61</b>		<b>589.93</b>
* Value less than ₹ Ten Thousand					
Carried Over ₹			<b>311.61</b>		<b>589.93</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 3: Investments (Non Current) : (Contd.)

Particulars	Face Value ₹	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
		Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
Brought Over ₹					
			<b>311.61</b>		<b>589.93</b>
<b>Quoted:</b>					
The Mysore Kirloskar Ltd.	10	1,00,000	0.00*	1,00,000	0.00*
Kirloskar Industries Ltd.	10	200	0.49	200	0.62
Kirloskar Investment and Finance Ltd.	10	3,75,000	0.00*	3,75,000	0.00*
ICICI Bank Limited	2	55,324	66.71	55,324	74.60
Kirloskar Ferrous Industries Ltd.	5	20,00,000	697.70	20,00,000	940.30
HDFC Bank Ltd.	1	1,67,886	122.82	83,943	153.46
Punjab National Bank	2	7,000	0.70	7,000	0.67
			<b>888.42</b>		<b>1,169.65</b>
<b>Total Fair Value through Other Comprehensive Income (FVTOCI)</b>			<b>1,200.03</b>		<b>1,759.58</b>
<b>Investment in Subsidiary Company - Fully paid Equity shares (Unquoted ) At Cost</b>					
Systems & Components India Pvt Ltd.	10	8,28,877	155.00	8,28,877	155.00
			<b>155.00</b>		<b>155.00</b>
<b>Total</b>			<b>1,355.03</b>		<b>1,914.58</b>
* Value less than ₹ Ten Thousand					
Aggregate Cost of acquisition of Quoted Investments			27.78		27.78
Aggregate Market Value of Quoted Investments			888.42		1,169.65
Aggregate Cost of acquisition of Un-Quoted Investments			163.34		163.34
Aggregate Fair Value of Un-Quoted Investments			311.61		589.93
Aggregate Cost of Un-Quoted Investments			155.00		155.00
Aggregate Amount of Impairment in the Value of Investments			7.40		7.40

### Note 3: Investments (Current) :

Particulars	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
	Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
<b>At Fair Value through Profit or Loss (FVTPL)</b>				
<b>Quoted :</b>				
HDFC Liquid Fund Direct Plan Growth	65,546.018	354.60	65,546.018	333.86
SBI Liquid Fund Direct Plan Growth	27,780.701	119.63	85,422.421	346.47
ICICI Prudential Liquid Fund Direct Plan Growth	6,53,322.155	266.35	6,53,322.155	250.81
Kotak Liquid Fund Direct Plan Growth	65,192.626	362.83	65,192.626	341.57
UTI Liquid Cash Plan Direct Plan Growth	-	-	27,481.456	116.83
ICICI Prudential Money Market Fund Direct Plan Growth	6,19,558.073	249.07	6,19,558.073	233.37
Nippon India Liquid Fund Direct Plan Growth	17,966.994	121.17	17,966.994	114.03
Invesco India Liquid Fund Direct Plan Growth	16,010.078	60.53	16,010.078	56.99
HSBC Liquid Fund Direct Growth	47,844.040	131.33	47,844.040	123.64
Axis Liquid Fund Direct Growth	88,460.903	271.10	47,189.052	136.07
DSP Liquidity Fund Direct Plan Growth	47,121.479	185.69	47,121.479	174.74
Aditya Birla Sunlife Liquid Fund Growth Direct Plan	4,94,402.834	220.03	4,94,402.834	207.02
Nippon India Money Market Fund Direct Plan Growth	36,408.329	160.20	36,408.329	150.07
Mirae Assets Money Market Fund Direct Plan Growth	79,873.206	106.74	79,873.206	100.05
Mirae Assets Liquid Fund Direct Plan Growth	43,447.486	126.44	-	-
<b>Total</b>		<b>2,735.71</b>		<b>2,685.52</b>
Carried Over ₹				
		<b>2,735.71</b>		<b>2,685.52</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 3: Investments (Current) : (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
	Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
Brought Over ₹		<b>2,735.71</b>		<b>2,685.52</b>
Kotak Money Market Fund Direct Plan Growth	33,273.418	157.87	-	-
DSP Savings Fund Direct Plan Growth	20,40,222.215	115.73	-	-
HSBC Money Market Fund Direct Plan Growth	36,07,427.352	104.45	-	-
HDFC Money Market Fund Direct Plan Growth	17,126.872	104.52	-	-
Bajaj Finserv Liquid Fund Direct Plan Growth	1,72,927.115	207.94	-	-
<b>Total</b>		<b>3,426.22</b>		<b>2,685.52</b>
Aggregate Cost of acquisition of Quoted Investments		2,989.86		2,389.89
Aggregate Market Value of Quoted Investments		3,426.22		2,685.52
Aggregate Cost of acquisition of Un-Quoted Investments		-		-
Aggregate Amount of Impairment in the Value of Investments		-		-

### Note 4: Trade Receivables :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Unsecured Considered Good (Refer Note 34 (2a))	5,226.19	4,781.80
<b>Total</b>	<b>5,226.19</b>	<b>4,781.80</b>
Non Current	21.51	23.00
Current	5,204.68	4,758.80
There is no significant increase in credit risk identified in Current and Non-Current Receivables		
Debts due from Private Companies in which Director is a Director or a Member	-	0.74
For charge on Trade Receivables - see Note 54		
For Related party receivables, refer Note No. 31(b)		

### Note 5: Other Financial Assets :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Unsecured Considered Good</b>		
Security Deposits (Non Current)	72.48	68.11
Security Deposits (Current)	4.83	5.38
Fixed Deposits with Banks (Current) (Original maturity is more than 12 months)	-	180.00
Contract Assets (Current)	261.90	110.40
Other Assets (Current)	0.90	8.81
<b>Total</b>	<b>340.11</b>	<b>372.70</b>
Non Current	72.48	68.11
Current	267.63	304.59
Non Current Includes amount due from Related party	19.14	18.13

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 6: Deferred Tax Assets/(Liability) :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Deferred Tax Assets	106.73	79.72
Deferred Tax Liabilities (Refer Note no. 46)	213.44	259.11
<b>Total</b>	<b>(106.71)</b>	<b>(179.39)</b>

### Note 7: Other Assets :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Unsecured Considered Good</b>		
Advances to Supplier of Capital Goods (Current)	77.24	35.47
Other Assets (Non Current)	6.31	2.60
Prepaid Expenses (Current)	60.28	49.55
GST Balances (Current)	57.64	60.40
Other Assets (Current)	124.72	390.24
<b>Total</b>	<b>326.19</b>	<b>538.26</b>
Non Current	6.31	2.60
Current	319.88	535.66
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 :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Assets held for Sale	1.56	59.00
(Refer Note no. 51)		
<b>Total</b>	<b>1.56</b>	<b>59.00</b>

### Note 9: Inventories :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Raw Materials [Includes ₹ 1.00 Mn (Previous year ₹ Nil) in transit]	1,308.93	1,359.36
Work-in-progress	321.81	319.47
Finished Goods, at cost or net realisable value whichever is lower	326.73	216.53
Traded Goods	118.76	77.09
Stores & Spares	30.94	20.15
<b>Total</b>	<b>2,107.17</b>	<b>1,992.60</b>
For charge on Inventories - see Note 54		
Net provision for write down of inventories amounting to ₹ 9.18 Million (Previous Year ₹ 29.18 Million) were recognised as an expense during the year.		

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 10: Cash And Cash Equivalents :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>a) CASH AND CASH EQUIVALENTS :</b>		
Cash on hand	0.03	0.03
Balances with Banks :		
In Current Accounts	1,139.45	634.35
	<b>1,139.48</b>	<b>634.38</b>
<b>b) OTHER BANK BALANCES :</b>		
Earmarked Balances with Banks		
For Unclaimed Dividend	34.30	33.38
For Fractional Entitlement	-	2.28
	<b>34.30</b>	<b>35.66</b>

### Note 11: Current Tax Asset/(Liability) - Net :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Advance Tax Paid	813.86	568.90
Less : Provision for Tax	833.93	610.00
<b>Total</b>	<b>(20.07)</b>	<b>(41.10)</b>

### Note 12: Equity Share Capital :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>AUTHORISED :</b>		
Opening Balance :		
187.50 Million Equity Shares of ₹ 2/- each	375.00	375.00
Changes during the Year	-	-
Closing Balance :	<b>375.00</b>	<b>375.00</b>
<b>ISSUED AND SUBSCRIBED :</b>		
Opening Balance :		
64.897 Million (Previous year 64.773 Million) Equity Shares of ₹ 2/- each	129.79	129.55
Issued during the year		
0.0608 Million (Previous year 0.124 Million) Equity Shares of ₹ 2/- each	0.13	0.24
Closing Balance :	<b>129.92</b>	<b>129.79</b>
<b>PAID UP :</b>		
Opening Balance :		
64.897 Million (Previous year 64.773 Million) Equity Shares of ₹ 2/- each	129.79	129.55
Addition during the year		
0.0608 Million (Previous year 0.124 Million) Equity Shares of ₹ 2/- each	0.13	0.24
Closing Balance :	<b>129.92</b>	<b>129.79</b>

The Company has not applied for any scheme of arrangement during the year nor any such scheme is pending for approval with the competent Authority in terms of sections 230 to 237 of the companies Act, 2013.

Number of Equity Shares reserved for issue under employee stock option plan : 284,800 (Previous year 314,800).

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 12: Equity Share Capital : (Contd.)

#### Rights attached to Equity Shares:

The Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

₹ in Million

Shareholder holding more than 5%	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Nos. Face Value of ₹ 2/-	Nos. Face Value of ₹ 2/-
a) Mr. Rahul C. Kirloskar	7.49	7.49
	11.540%	11.551%
b) Mr. Atul C. Kirloskar	6.11	6.11
	9.402%	9.411%
c) Kirloskar Industries Ltd.	6.42	6.42
	9.888%	9.897%
d) Tata Mutual Fund	5.34	4.38
	8.220%	6.757%
e) Nippon Life India Trustee Limited	4.10	4.10
	6.330%	6.321%

#### 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	11.540	74,96,150	11.551	-	(0.011)
2	Atul Chandrakant Kirloskar	61,07,523	9.402	61,07,523	9.411	-	(0.009)
3	Sanjay Chandrakant Kirloskar	3,155	0.005	3,155	0.005	-	(0.000)
4	Aditi Atul Kirloskar	20,68,765	3.185	20,68,765	3.188	-	(0.003)
5	Alpana Rahul Kirloskar	19,84,555	3.055	19,84,555	3.058	-	(0.003)
6	Gauri Atul Kirloskar	6,89,753	1.062	6,89,753	1.063	-	(0.001)
7	Arti Atul Kirloskar	3,31,134	0.510	3,31,134	0.510	-	(0.000)
8	Alika Rahul Kirloskar	60,760	0.094	60,760	0.094	-	(0.000)
9	Aman Rahul Kirloskar	200	0.000	200	0.000	-	(0.000)
10	Roopa Gupta	6,080	0.009	6,080	0.009	-	(0.000)
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	9.888	64,22,990	9.897	-	(0.009)
16	Alpak Investments Private Ltd	16,508	0.025	16,508	0.025	-	(0.000)
17	Navsai Investments Private Ltd	16,507	0.025	16,507	0.025	-	(0.000)
18	Kirloskar Systems Private Ltd	-	-	2,010	0.003	(0.003)	(0.003)
	<b>Total</b>	<b>2,52,12,125</b>	<b>38.812</b>	<b>2,52,14,135</b>	<b>38.851</b>	<b>(0.003)</b>	<b>(0.039)</b>

\* The Company has allotted 60,800 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 31<sup>st</sup> March, 2026

### Note 13: Other Equity :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>Securities Premium (Share Premium) Account:</b>		
As per last Account	214.10	166.99
Add : During the year	22.88	28.33
Add : Transferred from Share Based Payment Reserve	17.13	18.78
<b>Closing Balance</b>	<b>254.11</b>	<b>214.10</b>
<b>General Reserve :</b>		
Opening Balance/As per last Account	7,750.00	6,750.00
Add : Set aside this year	-	1,000.00
<b>Closing Balance</b>	<b>7,750.00</b>	<b>7,750.00</b>
<b>Share Based Payment Reserve :</b>		
Opening Balance/As per last Account	70.77	44.36
Add: During the year	47.66	48.05
Less: Transferred to Share Premium	17.13	18.78
Less: Transfer to Retained Earnings on account of Lapsed ESOS	7.80	2.86
<b>Closing Balance</b>	<b>93.50</b>	<b>70.77</b>
<b>Retained Earnings :</b>		
Opening Balance/As per last Account	1,262.83	651.00
Add: Transferred from Statement of Profit and Loss	2,584.11	2,110.70
Add: Transferred from Other Comprehensive Income - Net of Tax	22.67	(15.42)
Add: Transfer from Share Based Payment Reserve on account of Lapsed ESOS	7.80	2.86
	3,877.41	2,749.14
Less:		
Transfer to General Reserve	-	1,000.00
Dividend Paid	421.94	259.24
Interim Dividend	227.33	227.07
	649.27	1,486.31
<b>Closing Balance</b>	<b>3,228.14</b>	<b>1,262.83</b>
<b>Equity Instruments Through Other Comprehensive Income</b>		
Opening Balance/As per last Account	1,533.35	1,504.45
Add/(Less) FVTOCI Equity Investments - Change in Fair Value	(479.53)	28.90
<b>Closing Balance</b>	<b>1,053.82</b>	<b>1,533.35</b>
<b>Total</b>	<b>12,379.57</b>	<b>10,831.05</b>

- 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 31<sup>st</sup> March, 2026

### Note 14: Trade Payables :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Total Outstanding due to Micro and small enterprises	248.08	304.53
Total Outstanding dues of Creditors other than Micro and small enterprises (Refer Note 34 (2d))	2,290.64	1,779.95
<b>Total</b>	<b>2,538.72</b>	<b>2,084.48</b>
There are no disputed dues payable to creditors.		

### Note 15: Other Financial Liabilities :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Deposit Received (Non Current)	0.45	0.45
Unpaid Dividends (Current)	34.30	33.38
Fractional Entitlement (Current)	-	2.28
Interest Accrued (Current)	28.32	26.99
Employee Related Liabilities (Current)	184.40	159.99
Other Trade Liabilities (Current)	413.85	306.75
Other Liabilities (Current)	348.50	310.96
<b>Total</b>	<b>1,009.82</b>	<b>840.80</b>
Non Current	0.45	0.45
Current	1,009.37	840.35

### Note 16: Provisions :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>Provision for Employee Benefits</b>		
Provision for Leave Encashment (Non Current)	112.14	99.68
Provision for Leave Encashment (Current)	45.77	40.93
Provision for Gratuity (Current)	150.16	12.71
<b>Other Provisions</b>		
Provision for Warranty (Current)	55.73	49.11
<b>Total</b>	<b>363.80</b>	<b>202.43</b>
Non Current	112.14	99.68
Current	251.66	102.75
During the year the company made a provision for warranty of ₹ 6.61 Million (Previous year ₹ 11.15 Million), Net off utilisation of ₹ 44.31 Million (Previous year ₹ 63.36 Million).		

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 17: Other Liabilities :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Advance from Customer (Current)	613.50	1,528.69
Other Liabilities (Current)	217.61	290.01
<b>Total</b>	<b>831.11</b>	<b>1,818.70</b>
Non Current	-	-
Current	831.11	1,818.70
<b>Movement in advance from customer</b>		
Opening Balance	1,528.69	1,230.97
Received during the year	3,581.86	4,407.58
Adjusted against receivables during the year	4,497.05	4,109.86
Closing Balance	613.50	1,528.69
During the year the company has recognised revenue of ₹ 1,478.08 Million from opening advance (Previous Year ₹ 1,072.43 Million).		

### Note 18: Revenue From Operations :

₹ in Million

Particulars	2025-26	2024-25
<b>Revenue from Contracts with Customers</b>		
Sale of Products	14,206.18	13,914.04
Sale of Services	3,094.39	2,041.90
Lease Income	192.00	208.70
	<b>17,492.57</b>	<b>16,164.64</b>
<b>Other Operating Revenue</b>		
Insurance Claim Received	0.05	0.87
Miscellaneous Receipts	59.31	69.22
Foreign Exchange Gain, Net	1.57	4.23
Bad Debts/Liquidated Damages Recovered	38.76	47.31
	<b>99.69</b>	<b>121.63</b>
<b>Total</b>	<b>17,592.26</b>	<b>16,286.27</b>

### Note 19: Other Income :

₹ in Million

Particulars	2025-26	2024-25
Dividend Income from Equity Investments designated at Fair Value through Other Comprehensive Income	36.40	24.45
Interest Income	9.73	35.76
Unwinding of Interest on Security Deposits	1.01	0.95
Miscellaneous Receipts	0.98	3.07
Surplus on Sale of Assets	11.30	0.96
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit and Loss	191.36	146.52
Gain on Sale of Investments	20.00	9.40
<b>Total</b>	<b>270.78</b>	<b>221.11</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 20: Cost of Materials Consumed :

₹ in Million

Particulars	2025-26	2024-25
<b>Raw Materials (including components) consumed :</b>		
Stocks at commencement	1,359.36	1,545.47
Add : Purchases	8,256.22	8,056.86
	<b>9,615.58</b>	<b>9,602.33</b>
Less : Stocks at close	1,308.93	1,359.36
<b>Total</b>	<b>8,306.65</b>	<b>8,242.97</b>

### Note 21: Purchase of Traded Goods :

₹ in Million

Particulars	2025-26	2024-25
Purchase of Traded Goods	575.13	488.68
<b>Total</b>	<b>575.13</b>	<b>488.68</b>

### Note 22: Changes in Inventories :

₹ in Million

Particulars	2025-26	2024-25
<b>(Increase)/Decrease in Stocks :</b>		
<b>Closing Inventories</b>		
Finished Goods	326.73	216.53
Work-in-Progress	321.81	319.47
Traded Goods	118.87	77.09
	<b>767.41</b>	<b>613.09</b>
<b>Opening Inventories</b>		
Finished Goods	216.53	179.15
Work-in-Progress	319.47	221.79
Traded Goods	77.09	66.37
	<b>613.09</b>	<b>467.31</b>
<b>Total</b>	<b>(154.32)</b>	<b>(145.78)</b>

### Note 23: Employee Benefits Expenses :

₹ in Million

Particulars	2025-26	2024-25
Salaries & Wages	1,688.49	1,493.77
Share Based Payment	47.66	48.05
Contribution to Provident and Other Funds, etc.	133.05	108.10
Welfare Expenses	136.27	120.02
<b>Total</b>	<b>2,005.47</b>	<b>1,769.94</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 24: Finance Costs :

₹ in Million

Particulars	2025-26	2024-25
<b>Interest :</b>		
On Others	1.72	-
On Lease	0.25	0.41
<b>Total</b>	<b>1.97</b>	<b>0.41</b>

### Note 25: Depreciation and Amortisation Expense :

₹ in Million

Particulars	2025-26	2024-25
Depreciation on tangible assets	290.53	261.95
Amortisation of intangible assets	16.87	23.40
Depreciation of Right of use of assets	3.53	3.53
<b>Total</b>	<b>310.93</b>	<b>288.88</b>

### Note 26: Other Expenses :

₹ in Million

Particulars	2025-26	2024-25
Stores and Spares Consumed	222.87	179.11
Job Work Charges	1,576.73	1,511.93
Power, Fuel and Water	209.87	210.68
Building Repairs	74.74	35.95
Machinery Repairs	79.53	71.29
Sundry Repairs	30.03	27.92
Rent	13.37	16.09
Rates and Taxes	11.46	11.72
Insurance	18.03	12.90
Commission on Sales	40.67	36.53
Royalty	56.44	67.72
Travelling Expenses	152.48	129.62
Postage, Telephones, Telex Expenses	20.98	22.29
Bank Charges	22.22	19.45
Freight Outward, Net	139.41	150.21
Vehicle Expenses	25.39	24.40
Printing and Stationery	10.86	9.13
Legal and Professional Charges	105.94	85.17
Advertisement and Publicity Expenses	34.34	26.45
Auditors' Remuneration	3.56	3.67
Directors' Fees and Travelling Expenses	19.47	21.30
Software Expenses	103.59	103.12
Loss on Assets Sold	0.90	3.30
Bad Debts	66.96	60.95
CSR Expenditure	39.05	28.01
Miscellaneous Expenses	175.64	148.35
<b>Total</b>	<b>3,254.53</b>	<b>3,017.26</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 27: Employee Benefits :

#### i Defined Contribution Plans :

Amount of ₹ 87.98 Million (Previous Year ₹ 78.93 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. During the year the Company introduced new gratuity scheme where 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 and capped at maximum amount as notified by the Government of India from time to time, ensuring in any case that the benefit provided in all the schemes is not less than stipulated by the Code on Social Security, 2020 effective 21<sup>st</sup> November, 2025. For all these schemes the benefit vests only after five years of continuous service. The new scheme is also applicable to fixed term employees after completion of one year of service. The impact of implementation of the New Wage Code has been disclosed under past service cost.

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
A. Amount to be recognised in balance sheet		
Present value of defined benefit obligation	537.83	379.96
Less: Fair value of plan assets	387.67	367.25
<b>Amount to be recognised as liability or (asset)</b>	<b>150.16</b>	<b>12.71</b>
B. Amounts reflected in the balance sheet		
Liabilities	-	-
Assets	(150.16)	(12.71)
<b>Net liability/(assets)</b>	<b>150.16</b>	<b>12.71</b>

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
<b>Employee benefit expenses</b>		
Current service cost	44.78	31.49
Past service cost	139.16	-
<b>Finance cost</b>		
Net interest (income)/expenses	0.28	(2.32)
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>184.22</b>	<b>29.17</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 27: Employee Benefits : (Contd.)

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
1 Opening amount recognised in OCI outside profit and loss account	40.19	19.59
2 Remeasurements for the year - obligation (gain)/loss	(27.36)	22.35
3 Remeasurements for the year - plan assets (gain)/loss	(2.93)	(1.75)
4 Total remeasurements cost/(credit) for the year recognised in OCI	(30.29)	20.60
5 Less: Accumulated balances transferred to retained earnings	(30.29)	20.60
<b>Closing balances (remeasurements (gain)/loss recognised OCI)</b>	<b>9.90</b>	<b>40.19</b>

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
1 Present value of obligation as at the beginning of the period	379.96	334.22
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest expenses	24.66	22.94
5 Past service cost	139.16	-
6 Current service cost	44.78	31.49
7 Curtailment cost/(credit)	-	-
8 Settlement cost/(credit)	-	-
9 Benefits paid	(23.37)	(31.04)
10 Remeasurements on obligation - (gain)/loss	(27.36)	22.35
<b>Present value of obligation as at the end of the period</b>	<b>537.83</b>	<b>379.96</b>

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
1 Fair value of the plan assets as at beginning of the period	367.25	361.31
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest income	24.38	25.26
5 Contributions	16.83	10.33
6 Mortality Charges and Taxes	(0.35)	(0.36)
7 Benefits paid	(23.37)	(31.04)
8 Amount paid on settlement	-	-
9 Return on plan assets, excluding amount recognized in Interest Income - gain/(loss)	2.93	1.75
<b>10 Fair value of plan assets as at the end of the period</b>	<b>387.67</b>	<b>367.25</b>
11 Actual return on plan assets	27.31	27.01

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

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 27: Employee Benefits : (Contd.)

- f) Net interest (income)/expenses :

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
1 Interest (income)/expense - obligation	24.66	22.94
2 Interest (income)/expense - plan assets	(24.38)	(25.26)
<b>3 Net interest (income)/expense for the year</b>	<b>0.28</b>	<b>(2.32)</b>

#### 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 6.70% has been used for the valuation purpose.

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

Gratuity:	2025-26	2024-25
Discount rate	7.00%	6.70%
Expected return on plan assets	6.70%	7.20%
Salary growth rate*	9.50%	9.50%
Attrition rate	9.00%	9.00%
Expected average remaining working lives	8.04	8.54
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 ₹100 Million towards its gratuity plan in the year 2026-27.

- j) Sensitivity analysis :

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/decreasing) one parameter by 100 basis points (1%)

₹ in Million

Change in assumptions	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	PVO of Gratuity	
<b>1 Discount rate</b>		
Increase by 1%	507.32	358.80
Decrease by 1%	571.60	403.20
<b>2 Salary increase rate</b>		
Increase by 1%	565.61	398.87
Decrease by 1%	512.08	362.29
<b>3 Withdrawal rate</b>		
Increase by 1%	531.96	375.76
Decrease by 1%	544.04	384.30

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 27: Employee Benefits : (Contd.)

#### k) Expected Future Benefit Payments :

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	PVO of Gratuity	
Within the next 12 months	88.40	62.97
Between 2 & 5 years	229.96	158.89
Above 5 years	324.91	237.46

#### l) Average Duration :

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 14.56 years (PY 15.77 years).

#### m) Risk Exposure And Asset Liability Matching :

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

##### 1) Liability Risk

###### a) Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

###### b) Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

###### c) Future Salary Escalation And Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

##### 2) Asset Risk

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and inflation risk are taken care of.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 27: Employee Benefits : (Contd.)

#### 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. The impact of implementation of the New Wage Code has been disclosed under past service cost.

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
A. Amount to be recognised in balance sheet		
Present value of defined benefit obligation	157.91	140.61
Less: Fair value of plan assets	-	-
<b>Amount to be recognised as liability or (asset)</b>	<b>157.91</b>	<b>140.61</b>
B. Amounts reflected in the balance sheet		
Current Liabilities	45.77	40.93
Non Current Liabilities	112.14	99.68
<b>Total Liability</b>	<b>157.91</b>	<b>140.61</b>

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Employee benefit expenses</b>		
Current service cost	17.94	17.44
Past service cost	1.19	-
<b>Finance cost</b>		
Net interest (income)/expenses	8.59	7.54
Remeasurements for the year - obligation (gain)/loss	(0.66)	11.50
Net cost recognised in the statement of profit and loss	27.06	36.48

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 27: Employee Benefits : (Contd.)

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
1 Present value of obligation as at the beginning of the period	140.61	115.19
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest expenses	8.59	7.54
5 Past service cost	1.19	-
6 Current service cost	17.94	17.44
7 Curtailment cost/(credit)	-	-
8 Settlement cost/(credit)	-	-
9 Benefits paid	(9.76)	(11.06)
10 Remeasurements on obligation - (gain)/loss	(0.66)	11.50
<b>Present value of obligation as at the end of the period</b>	<b>157.91</b>	<b>140.61</b>

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

Defined Benefit Plan - Compensated Absences	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Discount rate	7.00%	6.70%
Expected average remaining working lives	8.50	8.44
Salary growth rate*	9.50%	9.50%
Attrition rate	9.00%	9.00%
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult

\*The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.

- e) Sensitivity analysis:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/decreasing) one parameter by 100 basis points (1%)

₹ in Million

Change in assumptions	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	PVO of Compensated Absences	
<b>1 Discount rate</b>		
Increase by 1%	152.33	135.56
Decrease by 1%	163.92	146.03
<b>2 Salary increase rate</b>		
Increase by 1%	162.27	144.53
Decrease by 1%	153.77	136.87
<b>3 Availment rate</b>		
Increase by 1%	161.87	144.04
Decrease by 1%	153.55	136.82

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 27: Employee Benefits : (Contd.)

- f) Expected Future Benefit Payments:

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	PVO of Compensated Absences	
Within the next 12 months	12.84	12.25
Between 2 & 5 years	41.20	34.83
Above 5 years	45.24	41.67

- g) Average Duration:

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and availment rate) is 6.14 years (PY 6.21 years)

- h) Risk Exposure And Asset Liability Matching:

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

#### 1) Liability Risk

##### a) Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

##### b) Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

##### c) Future Salary Escalation And Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

#### 2) Unfunded Plan Risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Stock Options Scheme - Ind AS 102 :

The Company, during the year 2019-20, introduced Employee Stock Options (ESOS) to its employees. This Scheme is referred as the "KPCL Employee Stock Option Scheme" ("KPCL ESOS - 2019" or "Scheme").

The objective of the KPCL ESOS - 2019 is to reward the Employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to retain talent in the organisation. The Company views Employee Stock Options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

The Shareholders by way of special resolution dated 20<sup>th</sup> July, 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 various dates grant Options details of which given below, 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 22 <sup>nd</sup> October, 2019		Grant date 29 <sup>th</sup> April, 2021		Grant date 19 <sup>th</sup> October, 2022		Grant date 19 <sup>th</sup> October, 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. 29, 2022	43,000	Oct. 19, 2023	47,000	Oct. 19, 2024	24,000
Vesting 2	Oct. 22, 2021	1,38,000	Apr. 29, 2023	41,500	Oct. 19, 2024	31,500	Oct. 19, 2025	22,500
Vesting 3	Oct. 22, 2022	1,38,500	Apr. 29, 2024	2,000	Oct. 19, 2025	30,500	-	-
Vesting 4	Oct. 22, 2023	1,02,500	Apr. 29, 2025	1,500	-	-	-	-

Particulars	Grant date 20 <sup>th</sup> July, 2024		Grant date 18 <sup>th</sup> July, 2025		Grant date 23 <sup>rd</sup> January, 2026	
	Vesting Date	Option Vested	Vesting Date	Option Vested	Vesting Date	Option Vested
Vesting 1	Jul. 20, 2025	18,500	-	-	-	-
Vesting 2	-	-	-	-	-	-
Vesting 3	-	-	-	-	-	-
Vesting 4	-	-	-	-	-	-

Options granted on 18<sup>th</sup> July, 2025 and 23<sup>rd</sup> January, 2026 are not yet eligible for vesting as on 31<sup>st</sup> March, 2026.

Number and weighted average exercise prices of options granted, exercised and cancelled/expired during the financial year:

#### Options granted on 22<sup>nd</sup> October, 2019 - 684,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	22,800		1,02,100	
Granted during the year	-		-	
Forfeited/lapsed/surrendered during the year	-		1,500	
Options vested during the year	-		-	
Exercised during the year	16,900	120.00	77,800	120.00
Expired during the year	1,900		-	
Options outstanding at the end of year	4,000		22,800	
Options exercisable at the end of the year	4,000		22,800	
Weighted average remaining contractual life	<b>0.56 Years</b>		<b>1.37 Years</b>	

\* Weighted average share price on the date of exercise is ₹ 1,189.79 (Previous Year ₹ 1,228.92)

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Stock Options Scheme - Ind AS 102 : (Contd.)

#### Options granted on 29<sup>th</sup> April, 2021 - 104,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	6,300		6,800	
Granted during the year	-		-	
Forfeited/lapsed/surrendered during the year	500		500	
Options vested during the year	1,500		1,500	
Exercised during the year	5,500	190.00	-	190.00
Expired during the year	300		-	
Options outstanding at the end of year	-		6,300	
Options exercisable at the end of the year	-		4,300	
Weighted average remaining contractual life	<b>NIL</b>		<b>1.74 Years</b>	

\* Weighted average share price on the date of exercise is ₹ 1,072.33 (Previous Year ₹ Nil)

#### Options granted on 19<sup>th</sup> October, 2022 - 164,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,04,000		1,44,200	
Granted during the year	-		-	
Forfeited/lapsed/surrendered during the year	3,500		6,500	
Options vested during the year	30,500		31,500	
Exercised during the year	19,100	400.00	33,700	400.00
Expired during the year	-		-	
Options outstanding at the end of year	81,400		1,04,000	
Options exercisable at the end of the year	49,400		38,000	
Weighted average remaining contractual life	<b>2.55 Years</b>		<b>3.36 Years</b>	

\* Weighted average share price on the date of exercise is ₹ 1,117.28 (Previous Year ₹ 1,402.16)

#### Options granted on 19<sup>th</sup> October, 2023 - 114,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	87,700		1,14,000	
Granted during the year	-		-	
Forfeited/lapsed/surrendered during the year	3,500		12,000	
Options vested during the year	22,500		24,000	
Exercised during the year	9,300	450.00	12,800	450.00
Expired during the year	-		1,500	
Options outstanding at the end of year	74,900		87,700	
Options exercisable at the end of the year	22,900		9,700	
Weighted average remaining contractual life	<b>3.53 Years</b>		<b>4.33 Years</b>	

\* Weighted average share price on the date of exercise is ₹ 1,101.79 (Previous Year ₹ 1,571.30)

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Stock Options Scheme - Ind AS 102 : (Contd.)

#### Options granted on 20<sup>th</sup> July, 2024 - 94,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	94,000		-	
Granted during the year	-		94,000	
Forfeited/lapsed/surrendered during the year	13,500		-	
Options vested during the year	18,500		-	
Exercised during the year	10,000	810.00	-	810.00
Expired during the year	2,000		-	
Options outstanding at the end of year	68,500		94,000	
Options exercisable at the end of the year	6,500		-	
Weighted average remaining contractual life	4.00 Years		4.67 Years	

\* Weighted average share price on the date of exercise is ₹ 1,117.28 (Previous Year ₹ Nil)

#### Options granted on 18<sup>th</sup> July, 2025 - 48,000 shares

Particulars	2025 - 26		2024 - 25	
	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	48,000		-	
Forfeited/lapsed/surrendered during the year	-		-	
Options vested during the year	-		-	
Exercised during the year	-	900.00	-	-
Expired during the year	-		-	
Options outstanding at the end of year	48,000		-	
Options exercisable at the end of the year	-		-	
Weighted average remaining contractual life	4.80 Years		NIL	

#### Options granted on 23<sup>rd</sup> January, 2026 - 8,000 shares

Particulars	2025 - 26		2024 - 25	
	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	8,000		-	
Forfeited/lapsed/surrendered during the year	-		-	
Options vested during the year	-		-	
Exercised during the year	-	840.00	-	-
Expired during the year	-		-	
Options outstanding at the end of year	8,000		-	
Options exercisable at the end of the year	-		-	
Weighted average remaining contractual life	5.32 Years		NIL	

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Stock Options Scheme - Ind AS 102 : (Contd.)

#### Fair value of the options granted:

The company has recorded employee stock-based compensation expense relating to the options granted to the employees based on fair value of options.

The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

#### Employee-benefit expenses to be recognised in the financial statements:

The Company has recognised an amount of ₹ 47.66 Million (Previous year ₹ 48.05 Million) as employee compensation cost relating to share-based payment in the Statement of Profit and Loss.

### Note 29: Revenue from Operations :

The disaggregation of revenue such as sales of products, sale of services, revenue from composite supply & leasing is given in Note No.18 - Revenue from Operations. Further disaggregation of revenue is given in operating segment in Note No. 30.

Most of the contracts are fixed price contracts and revenue is recognised at point in time. Most of payment terms are between 0 to 180 days. The terms of payment also varies in relation to class of customer with advance payments, milestone payments, customary credit terms with retention payment getting released as agreed in the contract.

The aggregate amount of the transaction price allocated to the remaining performance obligations expected to be recognized as revenue in the next one year is ₹391.71 Million (Previous year ₹ 156.58 Million).

The Company does not have any significant remaining performance obligations that are expected to be recognized beyond one year.

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". The warranty is generally provided for a period of 12 Months to 36 Months from the date of equipment sale. Management estimates the provision based on historical warranty claim information and recent trends.

#### Reconciliation of the Company's Revenue from Contract with Customers

Particulars	₹ in Million	
	2025-26	2024-25
Contract Price	18,073.72	16,609.06
Adjustment for :		
Discounts, rebates, price concessions & incentives	581.15	444.42
<b>Revenue from Contract with Customers</b>	<b>17,492.57</b>	<b>16,164.64</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 30: Details of Operating Segment - Ind AS 108 :

₹ in Million

Sr. No	Particulars	2025-26			2024-25		
		COMPRESSION SYSTEMS	OTHER NON REPORTABLE SEGMENTS	TOTAL	COMPRESSION SYSTEMS	OTHER NON REPORTABLE SEGMENTS	TOTAL
<b>A. Information about Operating Segment (See Note below)</b>							
<b>1</b>	<b>Segment Revenue</b>						
	Sales	16,437.36	1,154.90	17,592.26	15,287.65	998.62	16,286.27
	Less: Inter Segment Revenue	-	-	-	-	-	-
	<b>Net Revenue from Operations</b>	<b>16,437.36</b>	<b>1,154.90</b>	<b>17,592.26</b>	<b>15,287.65</b>	<b>998.62</b>	<b>16,286.27</b>
<b>2</b>	<b>Result</b>						
	Segment Result (Net of Income)	4,101.00	(676.70)	3,424.30	3,323.31	(516.37)	2,806.94
	Operating Profit before Interest			3,424.30			2,806.94
	Less: Finance Cost			1.97			0.41
	<b>Profit before Tax</b>			<b>3,422.33</b>			<b>2,806.53</b>
<b>3</b>	<b>Other Information</b>						
	Segment Assets	8,399.41	8,982.74	17,382.15	7,956.05	8,176.87	16,132.92
	<b>Total Assets</b>			<b>17,382.15</b>			<b>16,132.92</b>
	Segment Liabilities	4,229.96	642.70	4,872.66	4,619.99	552.09	5,172.08
	<b>Total Liabilities</b>			<b>4,872.66</b>			<b>5,172.08</b>
<b>4</b>	<b>Capital Expenditure During the year</b>	239.25	528.15	<b>767.40</b>	207.56	672.11	<b>879.67</b>
<b>5</b>	<b>Depreciation and Impairment</b>	165.40	145.53	<b>310.93</b>	188.96	99.92	<b>288.88</b>
<b>B Revenue by location</b>							
1	In India			16,537.18			15,047.26
2	Outside India			1,055.08			1,239.01
	<b>Total</b>			<b>17,592.26</b>			<b>16,286.27</b>
All Assets of the Company are located within India							

### C Other Disclosures

- 1 In terms of provisions of Ind-AS108 - 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 assesses 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.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 30: Details of Operating Segment - Ind AS 108 : (Contd.)

- 2 Composition of Operating Segment

**Name of the Segment :**

**Comprises of :**

- a) Compression Systems Air & Gas Compressors, Airconditioning & Refrigeration Compressors and Systems etc.
- b) Other non-reportable Segments Remaining non qualifying segments

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

- 4 Revenue of ₹ 3,956.58 Million (PY ₹ NIL) is from a single external customer who has contributed more than 10% of Revenue of the Company in Compression Segment and is earned in India.

### 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	Rahul C. Kirloskar K. Srinivasan	Executive Chairman Managing Director
2) Relatives of Key Management Personnel	Alpana Rahul Kirloskar Suman C. Kirloskar Atul C. Kirloskar Alika Rahul Kirloskar Aman Rahul Kirloskar	Wife Mother Brother Daughter Son
	Malathi Srinivasan Janaki Krishnaswamy K Ramji S Padmini	Wife Mother Brother Sister
3) Subsidiary Company	Systems & Components India Pvt. Ltd.	
4) Entity controlled by a person or his close relatives where that person is either	Alpak Investment Pvt. Ltd. Navsai Opportunities Pvt. Ltd.	
i) key management personnel of the Company or	Kiara Lifespaces Pvt. Ltd. Alotoxl Ventures LLP	
ii) has a control or joint control over the Company or	Rykenthorus Ventures LLP Binaza Consult Pvt. Ltd.	
iii) has significant influence over the Company	Indifour Consult Pvt. Ltd.	
5) Post employment benefit plan of the Company	Kirloskar Pneumatic Company Limited Employees Gratuity Fund Kirloskar Pneumatic Company Limited Officers Superannuation Fund	Trust Trust

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 31: Disclosure of Transactions with Related Parties as required by the Ind AS-24 : (Contd.)

#### (b) Related Party Transactions

₹ in Million

Nature of Transaction	Year	Key Management Personnel		Relatives of Key Management Personnel	Entity controlled by a person or his close relatives	Subsidiary Company	Total
		Promoter Holding more than 10% (Mr. Rahul C. Kirloskar)	Other	Other	Other		
Services Received	2025-26	92.08	56.56	16.98	1.96	7.25	<b>174.83</b>
	2024-25	<b>91.54</b>	<b>35.92</b>	<b>14.39</b>	<b>48.53</b>	0.75	191.13
Short Term Employee Benefits	Refer Note No 27						
Post Employment Benefits	Refer Note No 27						
Rent Paid	2025-26	-	-	3.00	-	-	<b>3.00</b>
	2024-25	-	-	3.00	-	-	3.00
Dividend Paid	2025-26	74.96	1.58	81.58	-	-	<b>158.12</b>
	2024-25	<b>56.22</b>	<b>1.18</b>	<b>61.17</b>	-	-	118.57
<b>Balance Outstanding</b>							
Receivable	2025-26	-	-	-	-	-	-
	2024-25	-	-	-	-	-	-
Payable	2025-26	45.00	35.00	5.00	1.76	-	<b>86.76</b>
	2024-25	<b>45.00</b>	<b>15.00</b>	<b>5.00</b>	<b>11.41</b>	-	76.41
Deposit Receivable	2025-26	-	-	20.00	-	-	<b>20.00</b>
	2024-25	-	-	20.00	-	-	20.00

#### Contribution to

Kirloskar Pneumatic Company Limited Employees Gratuity Fund - ₹ 16.83 Million (Previous Year ₹ 10.33 Million)

Kirloskar Pneumatic Company Limited Officers Superannuation Fund - ₹ 31.20 Million (Previous Year ₹ 26.68 Million)

Receiving of services includes Remuneration paid/payable to Key Managerial Personnel as per Note No 32, and to Relatives of Key Managerial Personnel.

There are no loans and advances given in the nature of loans to above mentioned Related Parties.

There are no loans and advances given in the nature of loans to firms/companies in which directors are interested.

Transactions entered into with Related Party's are made on terms equivalent to those that prevail in arms length transactions.

Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash.

The company has provided capital commitment of ₹ Nil to the related parties as at 31 March, 2026 (31 March, 2025 : ₹ Nil)

The company has provided guarantee of ₹ Nil to the related parties as at 31 March, 2026 (31 March, 2025 : ₹ Nil)

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 32: Managerial Remuneration :

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

₹ in Million

Particulars	2025-26			2024-25		
	Executive Chairman	Managing Director	TOTAL	Executive Chairman	Managing Director	TOTAL
Salary	30.00	14.40	44.40	30.00	14.40	44.40
Commission	45.00	35.00	80.00	45.00	15.00	60.00
Contribution to Provident Fund, Superannuation and Gratuity : #	10.60	4.58	15.18	10.60	4.58	15.18
Other perquisites *	6.48	2.58	9.06	5.94	1.94	7.88
<b>Gross Remuneration</b>	<b>92.08</b>	<b>56.56</b>	<b>148.64</b>	<b>91.54</b>	<b>35.92</b>	<b>127.46</b>

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

# 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

Particulars	2025-26	2024-25
<b>1 Net Profit as per Profit &amp; Loss Account</b>	<b>3,422.33</b>	<b>2,806.53</b>
<b>2 ADD</b>		
Directors Remuneration	160.84	140.76
Capital Loss (Exceptional Items)	-	38.49
Loss on Sale of Assets	0.90	3.30
	<b>3,584.07</b>	<b>2,989.08</b>
<b>3 LESS</b>		
Profit on sale of Investments	20.00	9.40
Net Gain on Financial Instruments Measured at FVTPL	191.36	146.52
Unrealised and Notional Gains on foreign exchange	(1.04)	0.96
	<b>210.32</b>	<b>156.88</b>
<b>Net Profit U/S 197</b>	<b>3,373.75</b>	<b>2,832.20</b>
Maximum permissible Remuneration payable to Executive Chairman & Managing Director	337.38	283.22
<b>Restricted to</b>		
Executive Chairman	92.08	91.54
Executive Directors	56.56	35.92
Maximum permissible Commission payable to Non Executive Directors	33.74	28.32
Restricted to	12.20	13.30

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 33: Financial Instruments - fair values :

#### (a) Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities which are stated at fair value/amortised cost as applicable

₹ in Million

Particulars	Carrying value (stated at Fair value/Amortised cost)	
	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>A Financial assets</b>		
<b>a) Fair value through other comprehensive income (FVTOCI)</b>		
Equity investments	1,200.03	1,759.58
<b>b) Fair value through profit and loss (FVTPL)</b>		
Mutual Fund investments	3,426.22	2,685.52
<b>c) Amortised cost</b>		
Equity investments At Cost	155.00	155.00
Trade receivables	5,226.19	4,781.80
Other financial assets	340.11	372.70
Cash and cash equivalents	1,139.48	634.38
Other bank balances	34.30	35.66
<b>Total</b>	<b>11,521.33</b>	<b>10,424.64</b>
<b>B Financial liabilities</b>		
<b>Amortised cost</b>		
Lease liabilities	2.43	5.18
Trade payables	2,538.72	2,084.48
Other financial liabilities	1,009.82	840.80
<b>Total</b>	<b>3,550.97</b>	<b>2,930.46</b>

The following methods and assumptions were used to estimate the fair values/amortised cost as applicable:

The fair values of the investments in unquoted equity shares have been estimated using valuation technique unless they approximate to carrying value. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The fair values of the remaining FVTOCI & FVTPL financial assets are derived from quoted market prices in active markets.

Carrying values of trade payables, trade receivables, employee loans, cash and cash equivalents, other bank balances, other financial assets & other financial liabilities which are stated at Amortised Cost reasonably approximate their fair value due to the short-term maturities of these instruments.

Loans in the nature of security deposits wherever significant have been stated at amortised cost using market rate of interest.

Long-term fixed-rate and variable-rate receivables are evaluated by the company based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables wherever applicable. As of reporting date, the fair value of such receivables, net of allowances, if any, are not materially different from their carrying values.

There are no borrowings as on the reporting date of the current and previous year. Borrowings are however obtained at market rates of interest available for debt on similar terms, credit risk and remaining maturities.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 33: Financial Instruments - fair values : (Contd.)

#### (b) Fair value hierarchy and valuation techniques used

The following table provides the fair value measurement hierarchy of company's assets and liabilities grouped into Level 1 to Level 3 as described in notes to accounts. Further table describes the valuation techniques used, key inputs to valuations and quantitative information about significant unobservable inputs for fair value measurements. There has been no change in the valuation technique from earlier years.

#### As at 31<sup>st</sup> March, 2026

##### Financial assets measured at fair value

₹ in Million

Particulars	Amortised Cost	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
<b>Financial assets</b>						
FVTOCI investments - quoted	-	888.42	-	-	Quoted market price	
FVTOCI investments - unquoted	-	-	-	311.61	Discounted cash flow/ carrying value	EBIDTA, Free cash flow for 4 Years, growth rate, risk adjusted discount rate
FVTPL investments - Mutual Funds	-	3,426.22	-	-	Quoted market price	
<b>Total</b>	<b>-</b>	<b>4,314.64</b>	<b>-</b>	<b>311.61</b>		

Debentures matured on 01.06.1998 awaiting realisation are recorded at fair value of NIL.

Loss in fair value compared to previous year of the level 3 item amounting to ₹ 278.32 Million has been recognised in FVTOCI.

#### As at 31<sup>st</sup> March, 2025

##### Financial assets measured at fair value

₹ in Million

Particulars	Amortised Cost	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
<b>Financial assets</b>						
FVTOCI Investments - Quoted	-	1,169.65	-	-	Quoted market price	
FVTOCI Investments - Unquoted	-	-	-	589.93	Discounted cash flow/ carrying value	EBIDTA, Free cash flow for 4 Years, growth rate, risk adjusted discount rate
FVTPL investments - Mutual Funds	-	2,685.52	-	-	Quoted market price	
<b>Total</b>	<b>-</b>	<b>3,855.17</b>	<b>-</b>	<b>589.93</b>		

Debentures matured on 01.06.1998 awaiting realisation are recorded at fair value of NIL.

Gain in fair value compared to previous year of the level 3 item amounting to ₹ 290.74 Million has been recognised in FVTOCI.

During the year ended 31 March, 2026, 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 31<sup>st</sup> March, 2026

### Note 34: Financial Risk Management :

#### Financial risk management policy and objectives

The Company's principal financial liabilities comprise of borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, Cash and Cash equivalents which are derived directly from its operations.

Company is exposed to market risk and credit risk.

The management of these risks is overseen by the senior management which is advised by a team of senior officials. The Risk Management team oversees the policies and systems, on a regular basis to reflect changes in market conditions and company's activities and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The board of directors reviews and agrees policies for managing each of these risk as summarised below.

#### 1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk namely foreign currency risk, interest rate risk, and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments.

##### a) Foreign currency risk

Foreign currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in local currency INR and in different foreign currencies. Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated. Company's forex exposure is partly covered by natural hedge. For unhedged exposure refer note 35 - foreign currency sensitivity analysis.

##### b) Crypto currency risk

The Company has not traded in any cryptocurrencies during the year. The Company does not hold any cryptocurrency or virtual currency as at 31 March, 2026 and 31 March, 2025. The Company has also not received any deposits or advances for the purpose of investing in cryptocurrencies or virtual currencies.

##### c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has Nil borrowing as on 31<sup>st</sup> March, 2026, but has an exposure of ₹ 3,426.22 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.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 34: Financial Risk Management : (Contd.)

At the reporting date, the exposure to quoted equity securities at fair value is ₹ 888.42 Million. A decrease/increase of 5% in the active market could have an impact of approximately ₹ 44.42 Million on the OCI or equity attributable to the Company. These changes would not have a material effect on profit and loss.

The fair values of the investments in unquoted equity shares have been estimated using valuation technique unless they approximate to carrying value. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility.

A 50 bps increase/decrease in discounting factor used while keeping all other variables constant, would result in the carrying value of the shares decrease/increase by ₹ 2.30 Million (Previous year ₹ 3.50 Million).

#### 2) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company has a large customer base and thus has no concentration of credit risks on a single customer. Also refer Note No. 30(C) for customer who has contributed more than 10% of the revenue.

##### a) Trade receivables

The management has established a credit policy under which each new customer is analysed individually for creditworthiness, before offering the payment and delivery terms and conditions.

- Company has different types of credit terms depending upon the type and credit worthiness of the customer. They are either on open terms or backed by Letter of Credit/Bank Guarantees.
- Based on analysis of individual cases, the management considers the impairment of receivables, if any.

The table summarises aging for trade receivable:

₹ in Million

Unsecured Trade receivables - considered good	Not due	Outstanding from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Non-Credit Impaired</b>							
Current	3,637.47	1,202.86	305.13	62.29	-	-	5,207.75
Non - Current	21.51	-	-	-	-	-	21.51
Expected credit loss	(0.36)	(1.20)	(0.31)	(1.20)	-	-	(3.07)
<b>31<sup>st</sup> March, 2026</b>	<b>3,658.62</b>	<b>1,201.66</b>	<b>304.82</b>	<b>61.09</b>	<b>-</b>	<b>-</b>	<b>5,226.19</b>
Current	2,943.92	1,606.71	58.71	152.21	-	-	4,761.55
Non - Current	23.00	-	-	-	-	-	23.00
Expected credit loss	-	(0.29)	(1.66)	(0.80)	-	-	(2.75)
<b>31<sup>st</sup> March, 2025</b>	<b>2,966.92</b>	<b>1,606.42</b>	<b>57.05</b>	<b>151.41</b>	<b>-</b>	<b>-</b>	<b>4,781.80</b>

Expected credit loss/write off 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.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 34: Financial Risk Management : (Contd.)

**Movement of Loss allowance (for expected credit loss under simplified approach) :**

Particulars	₹ in Million
As at 1 <sup>st</sup> April 2024	2.75
Allowance made/(reversed) during the year	-
Less : Written off	-
<b>As at 31<sup>st</sup> March, 2025</b>	<b>2.75</b>
Allowance made/(reversed) during the year	0.32
Less : Written off	-
<b>As at 31<sup>st</sup> March, 2026</b>	<b>3.07</b>

#### 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.

Particulars	31 <sup>st</sup> March, 2026					Total
	Carrying amount	On demand	Less than 6 months	6-12 Months	>1 year	
Interest bearing borrowings	-	-	-	-	-	-
Lease Liabilities	2.43	-	1.44	0.99	-	<b>2.43</b>
Other financial liabilities	1,009.82	62.62	600.43	346.32	0.45	<b>1,009.82</b>
Trade payables	2,538.72	-	2,538.72	-	-	<b>2,538.72</b>

Particulars	31 <sup>st</sup> March, 2025					Total
	Carrying amount	On demand	Less than 6 months	6-12 Months	>1 year	
Interest bearing borrowings	-	-	-	-	-	-
Lease Liabilities	5.18	-	1.35	1.40	2.43	<b>5.18</b>
Other financial liabilities	840.80	62.65	499.94	277.76	0.45	<b>840.80</b>
Trade payables	2,084.48	-	2,084.48	-	-	<b>2,084.48</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 34: Financial Risk Management : (Contd.)

d) The table summarises aging for trade payable:

Trade Payable	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>31st March, 2026</b>						
Micro and Small Enterprises ("MSME")	248.08	-	-	-	-	248.08
Others	1,874.66	409.74	5.78	0.02	0.44	2,290.64
<b>Total</b>	<b>2,122.74</b>	<b>409.74</b>	<b>5.78</b>	<b>0.02</b>	<b>0.44</b>	<b>2,538.72</b>
<b>31st March, 2025</b>						
Micro and Small Enterprises ("MSME")	304.53	-	-	-	-	304.53
Others	1,482.97	295.85	0.53	0.12	0.48	1,779.95
<b>Total</b>	<b>1,787.50</b>	<b>295.85</b>	<b>0.53</b>	<b>0.12</b>	<b>0.48</b>	<b>2,084.48</b>

There are no disputed dues payable to creditors.

### Note 35: Foreign Currency Sensitivity Analysis :

#### (A) Exposure Hedged - Foreign Exchange Derivatives

Nature of Instrument	Currency	Sale/Purchase	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Forward Contracts	USD	Purchase	-	-

#### (B) Exposure Unhedged - Net - Payable/(Receivable)

Currency	Net exposure in foreign currency in Million		Net exposure in ₹ Million	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
USD	(0.51)	(0.88)	(46.94)	(74.19)
EUR	0.50	0.05	55.70	4.74
GBP	0.93	0.26	118.72	30.05
AED	(0.01)	-	(0.32)	-

Currency	Sensitivity %	Impact on profit (strengthen)*		Impact on profit (weakening)*	
		31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
USD	4.5%	2.13	2.54	(2.13)	(2.54)
EUR	6.5%	(3.64)	(0.16)	3.64	0.16
GBP	7.2%	(8.61)	(1.33)	8.61	1.33
AED	4.8%	0.02	-	(0.02)	-
<b>Total INR</b>		<b>(10.10)</b>	<b>1.05</b>	<b>10.10</b>	<b>(1.05)</b>

(\* Strengthening/weakening of foreign currency)

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 36: Capital Management :

The Company's capital includes issued equity capital, share premium and free reserves.

The Company's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base. The company aims to sustain investor, creditor and market confidence so as to be able to leverage such confidence for future capital/debt requirements.

Management monitors the return on capital, the capital/debt requirements for various business plans under consideration and determines the level of dividends to equity shareholders.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31 March, 2026 and 31 March, 2025.

The Company has not been declared as a wilful defaulter by any lender who has powers to declare a company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.

#### Net debt position

₹ in Million

	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Borrowings (including current maturities)	-	-
Less: Cash and cash equivalents & current investments	4,565.70	3,319.90
<b>Net debt</b>	<b>(4,565.70)</b>	<b>(3,319.90)</b>
<b>Total Equity</b>	<b>12,509.49</b>	<b>10,960.84</b>

#### 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 <sup>st</sup> April 2025	3,319.90	-	3,319.90
Cash Flows	1,054.44	-	1,054.44
Other non-cash movement	-	-	-
Fair Value Adjustment	191.36	-	191.36
<b>(Net Debt)/Surplus as on 31<sup>st</sup> March, 2026</b>	<b>4,565.70</b>	<b>-</b>	<b>4,565.70</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 37: Leases - Ind AS 116 :

#### A The Company as a Lessee :

Has entered into agreements in the nature of Lease/Leave and License agreement with different Lessors/Licensors for the purpose of establishment of office premises/residential accommodations and assets. These are generally in nature of operating Lease/Leave and License and disclosure required as per Ind AS 116 with regard to the above is as under.

#### Extension and termination options :

Extension and termination options are included in a number of property leases. The majority of extension and termination options held are exercisable only by the Company and not by respective lessor. The termination option in two leases with related party includes mutual termination clause with a 90 days notice in writing.

#### Critical judgements in determining lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### i) Where the Lease arrangements are not recognised as ' Right-of-Use Asset ' and covered under paragraph 6 of Ind AS 116

- Payment under Lease/Leave and License for period :
  - Not later than 1 year ₹ 6.45 Million (₹ 7.30 Million)
  - Later than 1 year but not later than 5 years ₹ 4.09 Million (₹ 8.21 Million)
- There are no transaction in the nature of Sub Lease.
- Payments recognised as Rent in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2026 amounts to ₹ 13.37 Million (₹ 16.09 Million).
- 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

- Depreciation charge for right-of-use assets amounts to ₹ 3.53 Million (Previous Year ₹ 3.53 Million) Refer Note No.1 - Property, Plant & Equipment.
- Interest Expenses on Lease Liability ₹ 0.25 Million (Previous Year ₹ 0.41 Million) is the non-cash movement in (leases) financing liability. (Refer Note No. 24 - Finance Cost and Statement of Cashflow).
- The expense relating to leases accounted by applying paragraph 6 are given in Note 37 A above.
- The Company has not entered into any transaction in the nature of Sub Lease or sale & lease back.
- The aggregate amount of cash outflow on account of leases covered including that of Note 37 A is ₹ 16.37 Million (Previous Year ₹ 19.09 Million).
- The carrying amount of right-of-use assets at the end of the reporting period amount to ₹ 2.94 Million (Previous Year ₹ 6.47 Million). (Refer Note No. 1 - Property, Plant & Equipment).
- For maturity profile of lease liability Refer Note No.34 (2) (C).

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 37: Leases - Ind AS 116 : (Contd.)

#### 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.

- The Company has not given any assets on Financial Lease basis.
- 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.
- Maturity Analysis based on current firm contract period

₹ in Million

Asset under Lease	Undiscounted Lease Payments to be received in each of next 5 Years				
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Compression Facility</b>					
As at 31 <sup>st</sup> March, 2026	129.60	-	-	-	-
As at 31 <sup>st</sup> March, 2025	33.50	-	-	-	-

- The Company has not entered into any transaction in the nature of sale & lease back.

### Note 38: Capital and Other Commitments :

₹ in Million

Particulars	2025-26	2024-25
i. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for, net of Advances.	110.10	146.50
ii. Guarantees given by Company's Bankers for Contracts undertaken by the Company are secured by a First Charge on Company's Inventory and Book Debts. Amount outstanding as on 31 <sup>st</sup> March, 2026, net of Advances.	3,152.02	2,989.13

### Note 39: Payment to Auditors :

₹ in Million

Particulars	2025-26	2024-25
(a) As Auditors	3.10	2.90
(b) In Other Capacity		
For Tax Audit	0.40	0.40
For Certification fees	-	0.30
	<b>3.50</b>	<b>3.60</b>
(c) For Expenses	0.06	0.07
<b>Total</b>	<b>3.56</b>	<b>3.67</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 40: Dividend Distribution made and Proposed :

₹ in Million

Particulars	2025-26	2024-25
<b>Cash dividend on equity shares declared and paid</b>		
Final dividend for the year ended 31 <sup>st</sup> March, 2025 ₹ 6.50 Per share i.e.325% (31 <sup>st</sup> March, 2024 of ₹ 4 Per share i.e.200%).	421.94	259.24
Interim dividend for the year ended 31 <sup>st</sup> March, 2026 ₹ 3.50 Per share i.e.175% (31 <sup>st</sup> March, 2025 ₹ 3.50 Per share i.e.175%).	227.33	227.07
<b>Total</b>	<b>649.27</b>	<b>486.31</b>

Final dividend proposed for the year ended 31<sup>st</sup> March, 2026 is ₹ 8.50/- per share i.e 425% of face value of ₹ 2/- per share.

Proposed dividend on equity shares are subject to approval of the shareholders of the Company at the annual general meeting and are not recognised as a liability as at 31<sup>st</sup> March, 2026.

### Note 41: Contingent Liabilities :

#### A. Contingent Liabilities not provided for in respect of :

₹ in Million

Particulars	2025-26	2024-25
Claims against the Company not acknowledged as Debts, estimated at	118.23	121.13
Income Tax Matters	6.97	6.97
Disputed Central Excise/GST Matters	0.01	0.01
Disputed Customs Matters	14.22	2.29
Guarantees given by Company to Customers for the contracts undertaken in usual course of business	2.25	3.74

### Note 42: Expenditure in Foreign Currencies : (accrual basis) :

₹ in Million

Particulars	2025-26	2024-25
<b>CIF Value of Imports</b>		
Raw Materials & Components	1,438.68	1,720.49
Capital Goods	39.17	-
Other Expenses	48.83	96.93
<b>Total</b>	<b>1,526.68</b>	<b>1,817.42</b>

### Note 43: Earnings in Foreign Currencies : (accrual basis) :

₹ in Million

Particulars	2025-26	2024-25
F.O.B. Value of Exports	1,048.00	1,217.55
Export of Services	7.08	21.46
Other Income	0.42	0.43
<b>Total</b>	<b>1,055.50</b>	<b>1,239.44</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 44: Earnings Per Share :

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic and diluted earnings per share calculation are as follows:

₹ in Million

Particulars	2025-26	2024-25
Profit attributable to equity shareholders (₹ in Million)	2,584.11	2,110.70
Weighted average number of equity shares used as denominator	6,49,22,300	6,48,30,724
	In ₹	In ₹
Basic earnings per share of nominal value of ₹ 2/- each	39.80	32.56
<b>Effect of dilution</b>		
Stock option granted under ESOP (number of shares)	1,05,694	1,44,617
Weighted average number of equity shares for the purpose of computing	6,50,27,994	6,49,75,341
	In ₹	In ₹
Diluted earnings per share of nominal value of ₹ 2/- each	39.74	32.48

### Note 45:

The information as required to be disclosed under the "Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the company. Based on disclosure, total outstanding of Micro and Small Enterprises to whom the company owes money is as under :

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Total outstanding to Micro and Small Enterprises suppliers	248.08	304.53
Principal Amount	248.08	304.53
Interest Amount on above	-	-
Payment made to suppliers beyond the appointed day, during the year	717.54	1,544.83
Interest due and payable to suppliers under MSMED Act, for the payments already made	1.32	5.97
Interest accrued and remaining unpaid for the year to suppliers under MSMED Act	1.32	5.97
Interest remaining due & payable to suppliers under MSMED Act	28.35	27.03

### Note 46: Taxation :

Company has provided Income Tax for the year ended on 31<sup>st</sup> March, 2026 and remeasured its Deferred Tax Asset/Liability on the basis of rates prescribed under section 115BAA of the Income Tax Act, 1961 exercising the option permitted under that section.

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Current income tax	838.50	695.00
<b>Current Tax</b>	<b>838.50</b>	<b>695.00</b>
Relating to origination and reversal of temporary difference	(0.28)	0.83
<b>Deferred Tax</b>	<b>(0.28)</b>	<b>0.83</b>
<b>Income tax expenses reported in the Statement of Profit and Loss</b>	<b>838.22</b>	<b>695.83</b>

### Other Comprehensive Income (OCI)

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>Deferred tax related to items recognised in OCI during the year</b>		
Net loss/(gain) on actuarial gains and losses	(7.62)	5.19
Net loss/(gain) on FVOCI equity instruments	80.02	(3.49)
<b>Deferred tax charged to OCI</b>	<b>72.40</b>	<b>1.70</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 46: Taxation : (Contd.)

**Reconciliation of tax expense and tax calculated at prevailing income tax rate on the accounting profit for the year ended March, 2026 & March, 2025 is as under :**

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Accounting Profit Before Tax</b>	<b>3,422.33</b>	<b>2,806.53</b>
Tax on above at current rate of Income Tax	861.33	706.35
<b>Tax Expense</b>		
Current	838.50	695.00
Deferred	(0.28)	0.83
<b>Total Tax Expense</b>	<b>838.22</b>	<b>695.83</b>
Difference	(23.11)	(10.52)
<b>Tax Reconciliation :</b>		
<b>Amounts not deductible</b>		
Donations & CSR expenses	9.83	7.05
Others	1.84	1.81
<b>Amounts not Taxable</b>		
Deduction allowed u/s 43B(h)	-	(72.81)
Others	(16.78)	(0.96)
Tax at special rate	(22.57)	(30.61)
Taxation in respect of earlier years	4.57	85.00
<b>Total</b>	<b>(23.11)</b>	<b>(10.52)</b>

The company has not surrendered or disclosed any income during the year in the tax assessments under the Income Tax Act, 1961.

**The gross movement in the deferred income tax for the year ended 31<sup>st</sup> March, 2026 and 31<sup>st</sup> March, 2025 is as follows :**

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Net deferred tax (Asset)/Liability at the beginning of the year	179.39	180.26
(Credit)/Charge in Profit & Loss account due to temporary differences	(0.28)	0.83
(Credit)/Charge in Other Comprehensive Income due to temporary differences	(72.40)	(1.70)
<b>Net deferred tax (Asset)/Liability at the end of the year</b>	<b>106.71</b>	<b>179.39</b>

### Income Taxes :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Opening Balance	41.10	55.69
Add: Tax Paid (Net of Refund)	817.47	680.41
Less: Current Tax Payable for the year	838.50	695.00
Less: Income Tax on other Comprehensive Income	-	-
<b>Net Current Tax Asset/(Liability) at the end of the year</b>	<b>20.07</b>	<b>41.10</b>

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 47: Expenditure on Corporate Social Responsibility ("CSR") activities :

₹ in Million

a	Particulars	2025-26	2024-25
	Gross amount required to be spent by the Company during the year	39.00	28.00
	Amount approved by the board to be spent during the year	39.00	28.00
	<b>Amount spent during the year on :</b>		
	(i) Construction/Acquisition of any asset	-	-
	(ii) On purpose other than (i) above	39.05	28.01
	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-
	The total of previous years' shortfall amounts	-	-
	The reason for above shortfalls	NA	NA
	The nature of CSR activities undertaken by the Company	Refer note 'b' below	Refer note 'b' below

b The Company has undertaken CSR activities relating to Promoting Education, Ensuring environmental sustainability, Preventive health care and sanitation.

### Note 48: Ratios :

Ratios	Numerator	Denominator	Current Period	Previous Period	% Variance
Current ratio	Total Current Assets	Total Current Liabilities	2.69	2.25	19.4%
Debt-equity ratio	Non-Current Borrowing	Total Equity	-	-	NA
Debt service coverage ratio	Profit for the year + Depreciation + Interest on Borrowing	Current Borrowing + Int. on Borrowing	NA	NA	NA
Return on equity ratio	Profit for the year	Average of Opening & Closing (Total Equity - OCI Reserve)	24.75%	24.59%	0.7%
Inventory turnover ratio	Cost of Goods Sold	Average of Opening & Closing Inventory	4.26	4.27	-0.4%
Trade receivables turnover ratio	Revenue from Operations - Other Operating Revenue	Average of Opening & Closing Trade Receivables	3.51	3.80	-7.6%
Trade payables turnover ratio	Purchases	Average of Opening & Closing Trade Payables	3.82	4.16	-8.1%
Net capital turnover ratio	Revenue from Operations - Other Operating Revenue	Total Current Assets - Current Investments - (Total Current Liabilities - Current Borrowing)	3.96	4.71	-16.0%
Net profit ratio	Profit for the year	Total Income	14.47%	12.79%	13.1%
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	33.73%	34.59%	-2.5%
Return on investment	Income generated from Invested fund	Average funds Invested in Treasury Investment	7.03%	7.08%	-0.7%

As on the Balance Sheet date Company does not have any debt. As such debt equity ratio is zero and debt service coverage ratio is also not applicable.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 49: Salient features of the Financial Statements of Subsidiaries for the year ended 31<sup>st</sup> March, 2026 :

#### Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

₹ in Million

Sr. No.	Particulars	Systems & Components India Pvt Ltd	
		2025-26	2024-25
1	The date since when subsidiary was Acquired/Incorporated	04-12-2024	04-12-2024
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N A	N A
3	Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	INR
4	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	-	-
5	Share capital	15.00	15.00
6	Reserves and surplus	57.33	99.71
7	Total assets	177.53	326.29
8	Total liabilities	104.76	210.97
9	Investments	-	-
10	Turnover	282.58	117.09
11	Profit/(Loss) before tax	(44.94)	1.36
12	Provision for deferred & current tax	(2.28)	(0.32)
13	Profit/(Loss) after tax	(42.66)	1.68
14	Proposed dividend	-	-
15	% of shareholding	55.26%	55.26%

### Note 50: Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows :

#### Subsidiary Company

##### Systems & Components India Pvt Ltd

There are no loans and advances in the nature of loans granted/advanced by the subsidiary company to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 51: Assets Classified as Held for Sale :

In the previous years, the Company had identified certain assets from property, plant & equipments of the business which are available for sale in its present condition. The Company has taken active programme to complete the sale during the year. The Company has substantially completed the sale activity of these assets and expects to dispose off balance assets in the due course. Accordingly, non-current assets amounting to ₹ 1.56 Million (Previous year ₹ 59 Million) (net fair value) have been classified as held for sale. The fair value of these assets is determined on the basis of estimated realisable value.

### Note 52: Exceptional Items :

On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment published draft Central Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The Company has assessed and estimated the incremental impact of these changes on the basis of information available, consistent with the guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and non-recurring nature of this impact on employee benefits, the Company has accounted ₹ 140.35 Million in the current year as "Exceptional Items" in the statement of profit and loss account. The impact primarily arises due to change in wage definition. The Company continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and impact of these if any, will be evaluated and accounted for in accordance with applicable accounting standards in the period in which they are notified.

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 ₹ Nil (Previous year ₹ 38.49 Million).

### Note 53: Long-term Contracts :

The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of accounts. As on 31<sup>st</sup> March, 2026 there are no such contracts.

### Note 54:

Working capital facilities (fund based & non fund based) are secured by way of first charge on book debts and other tangible assets (comprising of inventory etc.) in favour of consortium of banks.

The Company does not have any charges or satisfaction which is yet to be registered with the ROC beyond the statutory period.

Quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

### Note 55:

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

### Note 56:

The Company does not have any transactions with companies struck off.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 57:

Disclosure for Investment and transaction through/as an intermediary to ultimate Beneficiary:

- i. The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- ii. The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

### Note 58:

Previous Years figures have been regrouped, rearranged or reclassified wherever necessary to correspond to Current Year's figures.

### Note 59:

These financial statements were authorised for issue by the Board of Directors on 27<sup>th</sup> April, 2026.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 60: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2026

#### 1. Corporate Information

The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act 1956. The registered office of the Company is located at 1, Hadapsar Industrial Estate, Pune 411 013. The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited.

The Company is engaged in the business of Compression & Transmission products, primarily serving sectors of oil & gas, engineering, steel, cement, food & beverage by offering engineered products and solutions. The Compression segment is engaged in design, manufacture, supply and erection/commissioning of wide range of air, gas and refrigeration compressors, packages & systems. Transmission products include design, manufacture and supply of railway traction gears and customized gearboxes for windmill, industrial and marine applications. The Company also manufactures forge parts to support internal manufacturing requirements as well as servicing external customer.

#### 2. Basis of preparation of Financial Statements

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

The financial statements have been prepared on historical cost basis, except for certain financial instruments which are either stated at amortised cost or measured at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

Also, plan assets in a defined benefit plans are measured at fair value.

#### 3. Significant account judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

##### 3.1. Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effects on the amounts recognised in the financial statements:

###### Operating lease where company is a lessor

The Company, for its leases, has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the asset under a lease and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

###### Lease Term where company is a lessee

The company has applied provisions of Ind AS 116 effective 1<sup>st</sup> 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

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

measured using the output method while recognizing revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the company generally recognises revenue when the control is transferred. In case of domestic sale of goods, transfer of control is evaluated based on consideration of transfer of risk & reward of ownership, legal title to the goods, acceptance or inspection by the customer, companies right to payment and physical possession and in case of exports on the date of Bill of Lading. In case of services, the revenue is recognized based on completion of distinct performance obligation.

#### 3.2. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

###### Defined benefit plans

The cost of the defined benefit plans and other post employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and expected rate of return on plan assets.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, actuary considers the interest rates of government bonds and extrapolates as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based as per the policy of the Company.

Further details about defined benefit obligations are provided in Note 27.

###### Fair value of investments

The Company holds equity and debt investments in unquoted companies. The valuation of investment requires assumptions in relation to growth rates and discount rates.

The valuation of such investments is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### 3.3 Functional and Presentation Currency

These financial statements are presented in Indian Rupees, which is the company's functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest millions as per the requirements of Schedule III, unless otherwise stated.

#### 4. Material Accounting Policies

##### 4.1 Current Vs Non Current Classification

###### The company presents assets and liabilities in the Balance Sheet based on current/non-current classification

###### An asset is current when it is:

- 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.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 4.2 Fair value measurement

The Company measures financial instruments such as Investments etc. at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

asset is used any time during the year in double or triple shift, depreciation is being calculated on the basis of Note 6 of the said schedule.

- Depreciation on Vehicle other than leased vehicles is being provided over a period of five years, being the estimated useful life of the asset to the company.
- Depreciation on Additions to Property, Plant and Equipment is being provided on pro-rata basis from the month of acquisition or installation of the said Asset, as per Note 2 of Sch II to Companies Act, 2013 in a manner stated above.
- Depreciation on Leased Vehicles is being provided over a period of eight years, being the estimated useful life of the asset to the Company.
- Depreciation on Compression Facilities given on lease is being provided on the basis of estimated useful life of each of the components of the facility.
- Depreciation on Jigs & Fixtures, Patterns and Dies is being provided over a period of three years, being the estimated useful life of the asset to the Company.
- 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

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

subject to a maximum of depreciated historical cost and is accordingly reversed in the Profit and Loss account.

### 4.7 Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a) Financial assets

##### (i) Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

##### (ii) Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at Fair value through profit and loss (FVTPL)
- Financial assets at amortised cost :

A financial asset is measured at amortised cost if:

- The financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that

are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset if applicable. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

- Financial assets at fair value through other comprehensive income

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')

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

##### (iii) De-recognition of financial assets

A financial asset is derecognised when:

- The contractual rights to the cash flows from the financial asset expire,

Or

- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### (iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made from financial assets which are equity instruments and financial liabilities. For financial assets a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting 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.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### (iii) De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from Balance Sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### 4.8 Derivatives

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk to the Company. Derivative contracts are not used for trading or speculation purposes.

All derivatives are measured at fair value through the Profit and Loss. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. Hedging activities are explicitly identified and documented by the Company.

### 4.9 Foreign Currency Transactions

#### a. Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

#### b. Conversion

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are revalorized at the rate prevailing on the date of Balance Sheet.

#### c. Exchange Differences

Exchange difference arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the

acquisition of qualifying assets, in which cases they were adjusted in the cost of corresponding asset up to the date of transition to Ind AS. Further, exchange difference on foreign currency loans utilized for acquisition of assets, is adjusted in the cost of the asset up to transition date of Ind AS only.

### 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

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

#### Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

#### Lease modification

For a lease modification that is not accounted for as a separate lease, the company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

#### • Company as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the company will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and

recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 4.11 Inventories

Cost of inventories have been computed to include all costs of Purchase, Cost of Conversion and other costs incurred in bringing inventories to their present location and condition.

- I. The Stocks of Raw Materials and Components, Stores and Spares and Traded Goods are valued at cost calculated on Weighted Average basis.
- 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.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

Deferred tax liabilities are recognised for all taxable temporary differences except:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences including, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss, is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 4.13 Employee Benefits

#### a) Short Term Employee Benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

#### b) Employee Stock Options Scheme

The fair value of options granted on the date of grant to employees is recognised as employee benefit expense with corresponding increase in equity being the share based payment. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are required to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

#### 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

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the profit and loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

#### d) Other long term employment benefits:

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet.

In regard to other long term employment benefits, the Company recognises the net total of service cost; net interest on the net defined benefit liability (asset); and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

Termination Benefits:

Termination Benefits are recognised in the statement of profit and loss in the year in which termination benefits become payable or when the Company determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

### 4.14 Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

Provisions for cost of warranty obligations are recognised at the best estimate of the expenditure required to settle the Company's obligation.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 4.15 Revenue Recognition

- 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.

- 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.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

- c) In contracts under which performance obligation is satisfied at a point in time, revenue is recognised at point in time when the control is transferred. Evaluation of point of time when control is transferred is performed based on consideration of transfer of risks & rewards of ownership, legal title to the goods, acceptance or inspection by the customer, company's right to the payment and physical possession in case of domestic sales and in case of export on the date of bill of lading.
- d) In contracts under which performance obligation is satisfied over a period of time, covering multiple reporting dates, an input method is used to recognise the revenue as it corresponds to entity's efforts to the satisfaction of the performance obligation relative to total expected efforts.
- e) Such measurement may result in the Company recognising either contract asset or contract liability (unbilled revenue). The contract assets represent 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 represent amount due to customer, primarily relate to 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 stand-alone selling prices if such prices are not observable. For each performance obligation identified as above the revenue is recognised either at a point in time or over time. When the company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.
- g) Disaggregation of Revenue is depicted in Operating Segment.
- h) Government grant in the nature of export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the statement of profit and loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
- i) Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.
- j) Income from dividend on investments is accrued in the year in which it is authorized, whereby right to receive is established
- k) Profit/Loss on sale of investments is recognized on the contract date.

### 4.16 Cash dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders except in case of interim dividend which is approved by the Board. A corresponding amount is recognised directly in equity.

### 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.

## Notes to Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### 5. Ind AS amendments and Standards not yet effective

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, Ind AS 1, Presentation of Financial Statements and Ind AS 7, Statement of Cashflows applicable w.e.f. 1<sup>st</sup> April, 2025. The Company has reviewed the amendments and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In accordance with the recommendations of National Financial Reporting Authority (NFRA), Ind AS 118 - Presentation and Disclosure in Financial Statements will be applicable from 1<sup>st</sup> April 2027. The Company will evaluate the impact of the new standards for implementation in due course.

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

# Independent Auditor's Report on the Consolidated Financial Statements

To the Members of  
**Kirloskar Pneumatic Company Limited**  
Report on the Audit of the Consolidated Financial Statements

## Opinion

We have audited the accompanying consolidated financial statements of **Kirloskar Pneumatic Company Limited** (hereinafter referred to as "the Holding Company"), its subsidiary, Systems and Components (India) Private Limited (the Holding Company, its subsidiary together referred to as "the Group"), comprising of the consolidated Balance sheet as at 31<sup>st</sup> March, 2026, the consolidated Statement of Profit and Loss, including other comprehensive loss, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2026, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date

## Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of

our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31<sup>st</sup> March, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Sr No	Key Audit Matter	How our audit addressed the key audit matter
1	<p><b>Revenue Recognition</b></p> <p>(Refer note 19, 62.3.1 and 62.4.15 of the consolidated financial statements)</p> <p>Groups revenue comprises of revenue from sale of goods as well as services. Performance obligations are generally satisfied at a point in time though in a few cases, the same are satisfied over a period of time.</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal financial controls in relation to revenue recognition.</li> <li>Assessing the appropriateness of the accounting policies related to revenue recognition with reference to the applicable Indian Accounting Standards.</li> <li>Testing the revenue transactions recognised during the year by verification of underlying documents on a sample basis.</li> </ul>

Sr No	Key Audit Matter	How our audit addressed the key audit matter
	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 Group's performance.	<ul style="list-style-type: none"> <li>Testing the appropriateness of contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples.</li> <li>Testing the supporting documents on a sample basis, for sales transactions recorded during the period closer to the year end to determine whether revenue was recognised in the appropriate period based on the terms of contract and as per conditions specified under Ind AS 115 including transfer of control, acceptance of goods by customer and payment received..</li> <li>Assessing the completeness and appropriateness of disclosures relating to revenue recognition as required by the applicable Indian Accounting Standards.</li> </ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management's and Board of Directors for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their

respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Managements and Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31<sup>st</sup> March, 2026 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. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law have been kept by the Companies within the group so far as it appears from our examination of those books except for the matters stated in paragraph h (vi) below on reporting under Rule 11(g).
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiary which is incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2026 from being appointed as a director in terms of Section 164(2) of the Act.
- f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3) (b) and paragraph (h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

A separate report as required under clause (i) of sub-section (3) of Section 143 of the Companies Act 2013, on adequacy of internal financial control over financial reporting of the Subsidiary Company and the operating effectiveness, is not enclosed herewith as the Subsidiary Company complies exemption criteria specified in notification No. F. No.1/1/2014-CL-V as amended by notification dated 25<sup>th</sup> July 2017 read along with notification No. G.S.R. 583(E) dated 13<sup>th</sup> June, 2017 issued by the Ministry of Corporate Affairs.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements - Refer Note 42 to the consolidated financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31<sup>st</sup> March, 2026;
  - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31<sup>st</sup> March, 2026. There are no amounts which are required to be

transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India during the year ended 31<sup>st</sup> March, 2026.

- iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended:
  - a. The respective managements of Holding Company and Subsidiary Company has represented that, to the best of its knowledge and belief, as disclosed in the Note 59 in Notes to the Accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - b. The respective managements of the Holding Company and its subsidiary has represented that, to the best of its knowledge and belief, as disclosed in the Note 59 in Notes to the Accounts, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend paid and proposed by the Holding Company during the year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The Subsidiary Company has not declared dividend during the year. (Refer Note 41 to the Consolidated Financial Statements).

vi. Based on our examination, which included test checks, the Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. The audit trail feature was found to be operational throughout the year for most relevant transactions. In the case of stock adjustments recorded in ERP system, while history is available, user identification details were not recorded. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Also, the Holding Company has preserved the Audit Trail as per the statutory requirements for record retention.

Based on our examination, the Subsidiary Company has used accounting software that has the feature of recording an audit trail (edit log) and that the same has been enabled and operational throughout the year for all relevant transactions recorded in the books of account. However, we note that in certain instances, user-level identification of changes could not be distinctly established, as the system was

accessed using a common login by multiple users. Furthermore, we did not observe any instance of the audit trail feature being tampered with during the course of our audit. Also, the Subsidiary Company has preserved the audit trail as per the statutory requirements for record retention.

3. In our opinion and to the best of our information and according to the explanations given to us, managerial remuneration for the year ended 31<sup>st</sup> March, 2026 has been paid/provided by the Holding Company to its directors in accordance with the provisions of Section 197 read with Schedule V, to the extent applicable.

In respect of the subsidiary company, the remuneration paid to certain directors is in excess of the limits prescribed under Section 197 of the Act; however, the same is in compliance with the provisions of Schedule V to the Act and has been duly approved by the shareholders by way of a special resolution.

The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

**Anand Jog**  
Partner  
Membership No.: 108177  
UDIN: 26108177XQAWPJ8220  
Pune, 27<sup>th</sup> April, 2026

## Annexure 'A' To The Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kirloskar Pneumatic Company Limited of even date)

In terms of the information and explanations sought by us and given by the Company and the books of accounts and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements of the Group, have unfavourable remarks in the Companies (Auditors Report) Order (CARO):

Entity Name	CIN	Subsidiary/Joint Venture/ Associates	Clause number of the CARO report which is qualified or is adverse
Kirloskar Pneumatic Company Limited	L29120PN1974PLC110307	Holding Company	(vii)
Systems and Components (India) Private Limited	U74210MH1989PTC054107	Subsidiary Company	(xvii)

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

**Anand Jog**  
Partner  
Membership No.: 108177  
UDIN: 26108177XQAWPJ8220  
Pune, 27<sup>th</sup> April, 2026

## Annexure “B” To The Independent Auditor’s Report

(Referred to in paragraph 2(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

### Opinion

We have audited the internal financial controls over financial reporting of **Kirloskar Pneumatic Company Limited** (“the Holding Company”), as of 31<sup>st</sup> March, 2026 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date. Reporting on internal financial controls with reference to financial statements is not applicable to the subsidiary company incorporated in India pursuant to the Companies Act, 2013.

In our opinion, the Holding Company have maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31<sup>st</sup> March, 2026, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### Responsibilities of Management’s and Board of Directors for Internal Financial Controls

The Board of Directors and Management of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility for the audit of Internal Financial Controls

Our responsibility is to express an opinion on the Holding Company’s internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing specified under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to consolidated financial statements includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

**Anand Jog**  
Partner  
Membership No.: 108177  
UDIN: 26108177XQAWPJ8220  
Pune, 27<sup>th</sup> April, 2026

## Consolidated Balance Sheet

As at 31<sup>st</sup> March, 2026

CIN: L29120PN1974PLC110307

₹ in Million

Particulars	Note No.	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment (Includes ROU Asset)	1	3,567.89	3,115.48
(b) Capital work-in-progress	1A	50.91	196.71
(c) Other Intangible Assets	2	32.15	38.02
(d) Intangible Assets Under Development	2A	16.13	16.18
(e) Financial Assets			
(i) Investments	3	1,200.03	1,759.58
(ii) Trade Receivables	4	21.51	23.00
(iii) Loans		-	-
(iv) Other Financial Assets	5	74.02	90.09
(f) Other Non-Current Assets	7	6.31	2.60
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,968.95</b>	<b>5,241.66</b>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	9	2,180.49	2,153.94
(b) Financial Assets			
(i) Investments	3	3,426.22	2,685.52
(ii) Trade Receivables	4	5,230.48	4,804.13
(iii) Cash and Cash Equivalents	10	1,139.60	634.59
(iv) Bank Balance other than (iii) above	10	34.30	35.66
(v) Other Financial Assets	5	267.74	307.07
(c) Other Current Assets	7	324.86	550.67
(d) Assets Classified as Held for Sale	8	1.56	59.00
<b>TOTAL CURRENT ASSETS</b>		<b>12,605.25</b>	<b>11,230.58</b>
<b>TOTAL ASSETS</b>		<b>17,574.20</b>	<b>16,472.24</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) EQUITY</b>			
(a) Equity Share Capital	12	129.92	129.79
(b) Other Equity	13	12,358.50	10,832.63
Equity attributable to owners of the parent		<b>12,488.42</b>	<b>10,962.42</b>
(c) Non-controlling Interest		<b>108.43</b>	<b>126.77</b>
<b>(2) LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	14	-	0.98
(ii) Lease Liabilities		1.66	5.14
(iii) Other Financial Liabilities	16	0.45	0.45
(b) Provisions	17	113.08	101.49
(c) Deferred Tax Liabilities (Net)	6	106.71	181.57
(d) Other Non-Current Liabilities		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>221.90</b>	<b>289.63</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	14	28.27	96.29
(Current Maturities of Long-Term Debt)			
(ii) Lease Liabilities		3.48	3.62
(iii) Trade Payables	15		
Total Outstanding due to Micro and small enterprises		266.32	319.01
Total Outstanding dues of Creditors other than Micro and small enterprises		2,320.82	1,840.35
(iv) Other Financial Liabilities	16	1,014.48	846.92
(b) Other Current Liabilities	18	845.58	1,839.85
(c) Provisions	17	256.88	106.87
(d) Current Tax Liabilities (Net)	11	19.62	40.51
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,755.45</b>	<b>5,093.42</b>
<b>TOTAL LIABILITIES</b>		<b>4,977.35</b>	<b>5,383.05</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,574.20</b>	<b>16,472.24</b>
Notes forming part of the Financial Statements	1 - 62		

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

## Consolidated Statement of Profit and Loss

For the year ended 31<sup>st</sup> March, 2026

CIN: L29120PN1974PLC110307

₹ in Million

Particulars	Note No.	2025-26	2024-25
<b>INCOME :</b>			
I Revenue from Operations	19	17,867.35	16,401.69
II Other Income	20	277.25	222.47
<b>III TOTAL INCOME (I + II)</b>		<b>18,144.60</b>	<b>16,624.16</b>
<b>EXPENSES :</b>			
Cost of Materials Consumed	21	8,439.70	8,321.32
Purchase of Traded Goods	22	579.23	489.59
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	(74.77)	(162.31)
Employee Benefits Expenses	24	2,056.30	1,789.03
Finance Costs	25	10.75	3.53
Depreciation and Amortization Expense	26	317.73	291.38
Other Expenses	27	3,295.90	3,044.79
<b>IV TOTAL EXPENSES</b>		<b>14,624.84</b>	<b>13,777.33</b>
<b>V Profit before Exceptional Items and Tax (III - IV)</b>		<b>3,519.76</b>	<b>2,846.83</b>
VI Exceptional Items	54	140.98	38.49
<b>VII Profit Before Tax (V-VI)</b>		<b>3,378.78</b>	<b>2,808.34</b>
<b>VIII Tax Expense :</b>	47		
Current Tax (Incl. of ₹ 4.57 Million in respect of earlier years (Previous Year of ₹ 85.00 Million))		838.50	695.00
Deferred Tax		(2.56)	0.51
		<b>835.94</b>	<b>695.51</b>
<b>IX Profit for the Year (VII-VIII)</b>		<b>2,542.84</b>	<b>2,112.83</b>
<b>X Other Comprehensive Income (OCI)</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
i) Re-measurement of net Defined Benefit Obligation		30.66	(19.62)
ii) Equity Instruments through Other Comprehensive Income		(559.55)	32.39
		<b>(528.89)</b>	<b>12.77</b>
<b>b) Income tax relating to items that will not be reclassified to profit or loss</b>			
i) Taxes on Re-measurement of net Defined Benefit Obligation		(7.72)	4.94
ii) Taxes on Equity Instruments through Other Comprehensive Income		80.02	(3.49)
		<b>72.30</b>	<b>1.45</b>
<b>Total Other Comprehensive Income</b>		<b>(456.59)</b>	<b>14.22</b>
<b>Total Comprehensive Income for the period (IX + X)</b>		<b>2,086.25</b>	<b>2,127.05</b>
<b>(Comprising Profit and Other Comprehensive Income for the period)</b>			
<b>Profit for the year attributable to :</b>			
Owners of the Company		2,561.31	2,111.88
Non-Controlling Interest		(18.47)	0.95
		<b>2,542.84</b>	<b>2,112.83</b>
<b>Other Comprehensive Income/(loss) attributable to :</b>			
Owners of the Company		(456.72)	13.89
Non-Controlling Interest		0.13	0.33
		<b>(456.59)</b>	<b>14.22</b>
<b>Total Comprehensive Income/(loss) attributable to :</b>			
Owners of the Company		2,104.59	2,125.77
Non-Controlling Interest		(18.34)	1.28
		<b>2,086.25</b>	<b>2,127.05</b>
Earning per Share: [nominal value per share ₹ 2/-]	45		
(1) Basic ₹		<b>39.45</b>	32.58
(2) Diluted ₹		<b>39.39</b>	32.50
Notes forming part of the Financial Statements	1-62		

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

## Consolidated Statement of Changes in Equity

For the year ended 31<sup>st</sup> March, 2026  
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
2025-26	129.79	-	N.A.	0.13	<b>129.92</b>
2024-25	129.55	-	N.A.	0.24	129.79

### B : Other Equity :

#### (1) Current Reporting Period

₹ in Million

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings	Share Based Payment		
Balance as on 1 <sup>st</sup> April, 2025	214.10	7,750.00	1,264.41	70.77	1,533.35	10,832.63
Profit for the year	-	-	2,561.31	-	-	2,561.31
Other Comprehensive Income for the year - Fair Valuation Net of Tax	-	-	-	-	(479.53)	(479.53)
Other Comprehensive Income for the year - Actuarial Gain/(Loss) - Net of Tax	-	-	22.82	-	-	22.82
Dividend Paid	-	-	(421.94)	-	-	(421.94)
Interim Dividend	-	-	(227.33)	-	-	(227.33)
Transfer from Share Based Payment Reserve on account of Lapsed of ESOS	-	-	7.80	(7.80)	-	-
Transfer from Share Based Payment	17.13	-	-	(17.13)	-	-
For the Year from ESOS	22.88	-	-	47.66	-	70.54
Transfer from retained earnings	-	-	-	-	-	-
<b>Balance as on 31<sup>st</sup> March, 2026</b>	<b>254.11</b>	<b>7,750.00</b>	<b>3,207.07</b>	<b>93.50</b>	<b>1,053.82</b>	<b>12,358.50</b>

#### (2) Previous Reporting Period

₹ in Million

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings	Share Based Payment		
Balance as on 1 <sup>st</sup> April, 2024	166.99	6,750.00	651.00	44.36	1,504.45	9,116.80
Profit for the year	-	-	2,111.87	-	-	2,111.87
Other Comprehensive Income for the year - Fair Valuation	-	-	-	-	28.90	28.90
Other Comprehensive Income for the year - Actuarial Gain/(Loss) - Net of Tax	-	-	(15.01)	-	-	(15.01)
Dividend Paid	-	-	(259.24)	-	-	(259.24)
Interim Dividend	-	-	(227.07)	-	-	(227.07)
Transfer from Share Based Payment Reserve on account of Lapsed of ESOS	-	-	2.86	(2.86)	-	-
Transfer from Share Based Payment	18.78	-	-	(18.78)	-	-
For the Year from ESOS	28.33	-	-	48.05	-	76.38
Transfer from retained earnings	-	1,000.00	(1,000.00)	-	-	-
<b>Balance as on 31<sup>st</sup> March, 2025</b>	<b>214.10</b>	<b>7,750.00</b>	<b>1,264.41</b>	<b>70.77</b>	<b>1,533.35</b>	<b>10,832.63</b>

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

## Consolidated Statement of Cash Flows

For the year ended 31<sup>st</sup> March, 2026  
CIN: L29120PN1974PLC110307

₹ in Million

Particulars	2025-26	2024-25
<b>A) Cash Flow From Operating Activities</b>		
<b>Profit Before Tax</b>	<b>3,378.78</b>	<b>2,808.34</b>
<b>Adjustments for :</b>		
Depreciation and amortisation expense	317.73	291.38
Exceptional items	-	38.49
Interest income	(15.92)	(37.00)
Unwinding of Interest on Security Deposits	(1.01)	(0.95)
Share Based Payment	47.66	48.05
Dividend income	(36.40)	(24.45)
Foreign Exchange Gain, Net	(1.57)	(4.23)
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit or Loss	(191.36)	(146.52)
Loss/(gain) on Sale of Investments	(20.00)	(9.40)
Loss/(gain) on disposal of property, plant and equipment	(10.40)	2.34
Provisions no longer required written back	(0.21)	(0.15)
Finance costs	10.75	3.53
Bad Debts	68.68	61.42
Others	6.61	11.15
<b>Operating profit before working capital adjustments</b>	<b>3,553.34</b>	<b>3,042.00</b>
<b>Working capital adjustments</b>		
(Increase)/decrease in trade receivables	(493.54)	(1,097.86)
(Increase)/decrease in inventories	(26.54)	11.74
(Increase)/decrease in other financial assets	4.04	460.11
(Increase)/decrease in other Current/Non Current assets	321.31	(153.32)
Increase/(decrease) in trade payables	427.76	87.54
Increase/(decrease) in financial liabilities	167.92	29.72
Increase/(decrease) in other Current/Non Current liabilities	(994.10)	434.32
Increase/(decrease) in provisions	185.64	17.78
<b>Cash generated from operations</b>	<b>3,145.83</b>	<b>2,832.03</b>
Income taxes paid	(817.61)	(679.82)
<b>Net cash inflow from operating activities</b>	<b>2,328.22</b>	<b>2,152.21</b>
<b>B) Cash flow from investing activities</b>		
Payments for property, plant and equipment, intangible assets	(663.35)	(779.39)
Proceeds from sale of property, plant and equipment, intangible assets	13.53	2.19
Sale/Redemption of Investments	390.87	115.47
Purchase of Investments	(899.55)	(944.95)
Interest income	15.92	28.19
Dividend income	36.40	24.45
<b>Net cash outflow from investing activities</b>	<b>(1,106.18)</b>	<b>(1,554.04)</b>
<b>C) Cash flow from financing activities</b>		
Proceeds from issuance of share capital (includes securities premium)	23.01	28.58
Proceeds/(Repayment) from borrowings	(69.00)	0.73
Finance costs	(8.17)	2.88
Lease Payments	(5.12)	(3.70)
Payment of fractional entitlement of shares	(2.28)	-
Dividends paid	(648.35)	(485.96)
<b>Net cash outflow from financing activities</b>	<b>(709.91)</b>	<b>(457.47)</b>
Net increase/(decrease) in cash and cash equivalents	512.13	140.70
Cash and cash equivalents at beginning of the financial year	634.59	496.09
Effect of exchange rate changes on cash and cash equivalents	(7.12)	(2.20)
<b>Cash and cash equivalents at end of the financial year</b> (Refer Note No. 10)	<b>1,139.60</b>	<b>634.59</b>

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026

# Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2026

## Note 1: Property, Plant And Equipment :

Particulars	PROPERTY, PLANT AND EQUIPMENT										Total	Capital Work In Progress
	Free Hold Land	Buildings	Plant & Machinery	Electrical Installation	Office Equipments	Computer	Furniture & Fixture	Vehicle	Assets Under Operating Lease	Right Of Use Asset		
Gross Carrying Amount As at 01/04/2024	63719	869.34	1,490.91	173.88	38.29	145.23	46.00	80.77	463.09	29.25	3,973.95	317.58
Additions	24.82	545.46	173.21	16.23	18.36	30.97	26.06	22.54	-	4.74	862.39	736.68
Deductions	-	52.88	25.74	4.10	13.78	22.32	18.65	7.89	-	0.65	146.01	857.55
Adjustments	181.77	(13.59)	-	-	-	-	-	-	-	-	168.18	-
<b>Gross Carrying Amount As at 31/03/2025</b>	<b>843.78</b>	<b>1,348.33</b>	<b>1,638.38</b>	<b>186.01</b>	<b>42.87</b>	<b>153.88</b>	<b>53.41</b>	<b>95.42</b>	<b>463.09</b>	<b>33.34</b>	<b>4,858.51</b>	<b>196.71</b>
Accumulated Depreciation As at 01/04/2024	-	190.83	693.61	55.28	24.96	106.36	14.98	37.56	430.75	17.51	1,571.84	-
Depreciation for the year	-	23.59	139.50	15.62	5.28	27.31	5.34	14.45	32.33	4.56	267.98	-
Deductions and Adjustments	-	8.91	23.98	4.06	13.40	22.31	17.24	6.89	-	-	96.79	-
<b>Accumulated Depreciation up to 31/03/2025</b>	<b>-</b>	<b>205.51</b>	<b>809.13</b>	<b>66.84</b>	<b>16.84</b>	<b>111.36</b>	<b>3.08</b>	<b>45.12</b>	<b>463.08</b>	<b>22.07</b>	<b>1,743.03</b>	<b>-</b>
<b>Net Carrying Amount as at 31/03/2025</b>	<b>843.78</b>	<b>1,142.82</b>	<b>829.25</b>	<b>119.17</b>	<b>26.03</b>	<b>42.52</b>	<b>50.33</b>	<b>50.30</b>	<b>0.01</b>	<b>11.27</b>	<b>3,115.48</b>	<b>196.71</b>
Gross Carrying Amount As at 01/04/2025	843.78	1,348.33	1,638.38	186.01	42.87	153.88	53.41	95.42	463.09	33.34	4,858.51	196.71
Additions	9.19	104.04	452.43	107.02	10.10	15.03	16.46	42.13	-	-	756.40	610.60
Deductions	-	2.19	29.65	0.27	0.46	2.34	-	23.62	-	-	58.53	756.40
<b>Gross Carrying Amount As at 31/03/2026</b>	<b>852.97</b>	<b>1,450.18</b>	<b>2,061.16</b>	<b>292.76</b>	<b>52.51</b>	<b>166.57</b>	<b>69.87</b>	<b>113.93</b>	<b>463.09</b>	<b>33.34</b>	<b>5,556.38</b>	<b>50.91</b>
Accumulated Depreciation As at 01/04/2025	-	205.51	809.13	66.84	16.84	111.36	3.08	45.12	463.08	22.07	1,743.03	-
Depreciation for the year	-	38.90	174.49	23.49	7.47	24.39	7.07	19.67	-	5.38	300.86	-
Deductions and Adjustments	-	2.19	29.23	0.21	0.44	2.34	-	20.99	-	-	55.40	-
<b>Accumulated Depreciation up to 31/03/2026</b>	<b>-</b>	<b>242.22</b>	<b>954.39</b>	<b>90.12</b>	<b>23.87</b>	<b>133.41</b>	<b>10.15</b>	<b>43.80</b>	<b>463.08</b>	<b>27.45</b>	<b>1,988.49</b>	<b>-</b>
<b>Net Carrying Amount As at 31/03/2026</b>	<b>852.97</b>	<b>1,207.96</b>	<b>1,106.77</b>	<b>202.64</b>	<b>28.64</b>	<b>33.16</b>	<b>59.72</b>	<b>70.13</b>	<b>0.01</b>	<b>5.89</b>	<b>3,567.89</b>	<b>50.91</b>
Net Carrying Amount As at 31/03/2025	843.78	1,142.82	829.25	119.17	26.03	42.52	50.33	50.30	0.01	11.27	3,115.48	196.71

Title deeds of Immovable Properties are held in name of the Company.

The Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 and no proceeding has been initiated or is pending against the company for holding any benami property.

# Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

## Note 1A: Capital-Work-in Progress (CWIP) :

### i) CWIP aging schedule :

Particulars	AS AT 31 <sup>st</sup> MARCH 2026				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	50.01	0.90	-	-	<b>50.91</b>
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-
Projects exceeded cost and time estimate	N.A.	N.A.	N.A.	N.A.	-

Particulars	AS AT 31 <sup>st</sup> MARCH 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	196.71	-	-	-	<b>196.71</b>
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-
Projects exceeded cost and time estimate	N.A.	N.A.	N.A.	N.A.	-

## Note 2: Other Intangible Assets :

Particulars	OTHER INTANGIBLE ASSETS			Intangible Assets Under Development
	Softwares	Technical Know How	Total	
Gross Carrying Amount As at 01/04/2024	50.77	183.78	234.55	31.23
Additions	9.07	13.05	22.12	7.07
Deductions and adjustments	-	-	-	22.12
<b>Gross Carrying Amount As at 31/03/2025</b>	<b>59.84</b>	<b>196.83</b>	<b>256.67</b>	<b>16.18</b>
Accumulated Amortisation As at 01/04/2024	45.50	149.75	195.25	-
Amortisation for the year	10.43	12.97	23.40	-
Deductions and Adjustments	-	-	-	-
<b>Accumulated Amortisation up to 31/03/2025</b>	<b>55.93</b>	<b>162.72</b>	<b>218.65</b>	<b>-</b>
<b>Net Carrying Amount as at 31/03/2025</b>	<b>3.91</b>	<b>34.11</b>	<b>38.02</b>	<b>16.18</b>
Gross Carrying Amount As at 01/04/2025	59.84	196.83	256.67	16.18
Additions	5.25	5.75	11.00	10.95
Deductions and adjustments	-	-	-	11.00
<b>Gross Carrying Amount As at 31/03/2026</b>	<b>65.09</b>	<b>202.58</b>	<b>267.67</b>	<b>16.13</b>
Accumulated Amortisation As at 01/04/2025	55.93	162.72	218.65	-
Amortisation for the year	4.69	12.18	16.87	-
Deductions and Adjustments	-	-	-	-
<b>Accumulated Amortisation up to 31/03/2026</b>	<b>60.62</b>	<b>174.90</b>	<b>235.52</b>	<b>-</b>
<b>Net Carrying Amount As at 31/03/2026</b>	<b>4.47</b>	<b>27.68</b>	<b>32.15</b>	<b>16.13</b>
Net Carrying Amount As at 31/03/2025	3.91	34.11	38.02	16.18

The Subsidiary Company does not have any Intangible assets.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 2A: Intangible Assets under Development :

#### i) Intangible assets under development aging schedule :

₹ in Million

Particulars	AS AT 31 <sup>st</sup> March 2026				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.09	7.26	4.78	-	16.13
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

Expected capitalisation of ₹16.13 Million (Previous year ₹16.18 Million) in next one year.

₹ in Million

Particulars	AS AT 31 <sup>st</sup> March 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8.07	8.11	-	-	16.18
Projects temporarily suspended	N.A.	N.A.	N.A.	N.A.	-

### Note 3: Investments (Non Current) :

Particulars	Face Value ₹	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
		Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
<b>At Fair Value through Profit or Loss (FVTPL)</b>					
In Debentures and Bonds :					
<b>Quoted :</b>					
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*
<b>Total Fair Value through Profit or Loss (FVTPL)</b>			<b>0.00</b>		<b>0.00</b>
<b>At Fair Value through Other Comprehensive Income (FVTOCI)</b>					
Equity Shares :					
<b>Unquoted :</b>					
<b>Fully Paid Shares</b>					
Kirloskar Proprietary Ltd.	100	11	0.08	1	0.08
S L Kirloskar CSR Foundation	10	9,800	0.10	9,800	0.10
Kirloskar Management Services Pvt. Ltd.	10	4,87,500	9.26	4,87,500	9.26
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*
Kirloskar Chillers Pvt.Ltd.	10	2,25,000	301.05	2,25,000	579.37
			<b>311.61</b>		<b>589.93</b>
* Value less than ₹ Ten Thousand					
Carried Over ₹			<b>311.61</b>		<b>589.93</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 3: Investments (Non Current) : (Contd.)

Particulars	Face Value ₹	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
		Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
Brought Over ₹					
			<b>311.61</b>		<b>589.93</b>
<b>Quoted :</b>					
The Mysore Kirloskar Ltd.	10	1,00,000	0.00*	1,00,000	0.00*
Kirloskar Industries Ltd.	10	200	0.49	200	0.62
Kirloskar Investment and Finance Ltd.	10	3,75,000	0.00*	3,75,000	0.00*
ICICI Bank Limited	2	55,324	66.71	55,324	74.60
Kirloskar Ferrous Industries Ltd.	5	20,00,000	697.70	20,00,000	940.30
HDFC Bank Ltd.	1	1,67,886	122.82	83,943	153.46
Punjab National Bank	2	7,000	0.70	7,000	0.67
			<b>888.42</b>		<b>1,169.65</b>
<b>Total Fair Value through Other Comprehensive Income (FVTOCI)</b>			<b>1,200.03</b>		<b>1,759.58</b>
* Value less than ₹ Ten Thousand					
Aggregate Cost of acquisition of Quoted Investments			27.78		27.78
Aggregate Market Value of Quoted Investments			888.42		1,169.65
Aggregate Cost of acquisition of Un-Quoted Investments			8.34		8.34
Aggregate Fair Value of Un-Quoted Investments			311.61		589.93
Aggregate Amount of Impairment in the Value of Investments			7.40		7.40

### Note 3: Investments (Current) :

Particulars	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
	Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
<b>At Fair Value through Profit or Loss (FVTPL)</b>				
<b>Quoted :</b>				
HDFC Liquid Fund Direct Plan Growth	65,546.018	354.60	65,546.018	333.86
SBI Liquid Fund Direct Plan Growth	27,780.701	119.63	85,422.421	346.47
ICICI Prudential Liquid Fund Direct Plan Growth	6,53,322.155	266.35	6,53,322.155	250.81
Kotak Liquid Fund Direct Plan Growth	65,192.626	362.83	65,192.626	341.57
UTI Liquid Cash Plan Direct Plan Growth	-	-	27,481.456	116.83
ICICI Prudential Money Market Fund Direct Plan Growth	6,19,558.073	249.07	6,19,558.073	233.37
Nippon India Liquid Fund Direct Plan Growth	17,966.994	121.17	17,966.994	114.03
Invesco India Liquid Fund Direct Plan Growth	16,010.078	60.53	16,010.078	56.99
HSBC Liquid Fund Direct Growth	47,844.040	131.33	47,844.040	123.64
Axis Liquid Fund Direct Growth	88,460.903	271.10	47,189.052	136.07
DSP Liquidity Fund Direct Plan Growth	47,121.479	185.69	47,121.479	174.74
Aditya Birla Sunlife Liquid Fund Growth Direct Plan	4,94,402.834	220.03	4,94,402.834	207.02
Nippon India Money Market Fund Direct Plan Growth	36,408.329	160.20	36,408.329	150.07
Mirae Assets Money Market Fund Direct Plan Growth	79,873.206	106.74	79,873.206	100.05
Mirae Assets Liquid Fund Direct Plan Growth	43,447.486	126.44	-	-
Kotak Money Market Fund Direct Plan Growth	33,273.418	157.87	-	-
DSP Savings Fund Direct Plan Growth	20,40,222.215	115.73	-	-
<b>Total</b>		<b>3,009.31</b>		<b>2,685.52</b>
Carried Over ₹				
		<b>3,009.31</b>		<b>2,685.52</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 3: Investments (Current) : (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
	Qty Nos.	₹ in Million	Qty Nos.	₹ in Million
Brought Over ₹		<b>3,009.31</b>		<b>2,685.52</b>
HSBC Money Market Fund Direct Plan Growth	36,07,427.352	104.45	-	-
HDFC Money Market Fund Direct Plan Growth	17,126.872	104.52	-	-
Bajaj Finserv Liquid Fund Direct Plan Growth	1,72,927.115	207.94	-	-
<b>Total</b>		<b>3,426.22</b>		<b>2,685.52</b>
Aggregate Cost of acquisition of Quoted Investments		2,989.86		2,389.89
Aggregate Market Value of Quoted Investments		3,426.22		2,685.52
Aggregate Cost of acquisition of Un-Quoted Investments		-		-
Aggregate Amount of Impairment in the Value of Investments		-		-

### Note 4: Trade Receivables :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Unsecured Considered Good (Refer Note 35 (2a))	5,251.99	4,827.13
<b>Total</b>	<b>5,251.99</b>	<b>4,827.13</b>
Non Current	21.51	23.00
Current	5,230.48	4,804.13
There is no significant increase in credit risk identified in Current and Non-Current Receivables		
Debts due from Private Companies in which Director is a Director or a Member	-	0.74
For charge on Trade Receivables - see Note 56		
For Related party receivables, refer Note No. 32(b)		

### Note 5: Other Financial Assets :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Unsecured Considered Good</b>		
Security Deposits (Non Current)	74.02	69.44
Security Deposits (Current)	4.83	5.38
Fixed Deposits with Banks (Current)	-	180.00
(Original maturity is more than 12 months)		
Fixed Deposits with Banks (Non Current)	-	20.65
Contract Assets (Current)	261.90	110.40
Other Assets (Current)	1.01	11.29
<b>Total</b>	<b>341.76</b>	<b>397.16</b>
Non Current	74.02	90.09
Current	267.74	307.07
Non Current Includes amount due from Related party	19.14	18.13

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 6: Deferred Tax Assets/(Liability) :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Deferred Tax Assets	106.73	82.09
Deferred Tax Liabilities	213.44	263.66
(Refer Note no. 47)		
<b>Total</b>	<b>(106.71)</b>	<b>(181.57)</b>

### Note 7: Other Assets :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Unsecured Considered Good</b>		
Advances to Supplier of Capital Goods (Current)	77.24	35.47
Other Assets (Non Current)	6.31	2.60
Prepaid Expenses (Current)	60.37	49.56
GST Balances (Current)	61.74	72.69
Other Assets (Current)	125.51	392.95
<b>Total</b>	<b>331.17</b>	<b>553.27</b>
Non Current	6.31	2.60
Current	324.86	550.67
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 :

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Assets held for Sale	1.56	59.00
(Refer Note no. 53)		
<b>Total</b>	<b>1.56</b>	<b>59.00</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 9: Inventories :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Raw Materials	1,366.67	1,425.57
[Includes ₹ 1.00 Mn (Previous year ₹ Nil) in transit]		
Work-in-progress	336.88	410.97
Finished Goods, at cost or net realisable value whichever is lower	327.24	220.16
Traded Goods	118.76	77.09
Stores & Spares	30.94	20.15
<b>Total</b>	<b>2,180.49</b>	<b>2,153.94</b>
For charge on Inventories - see Note 14 & 56		
Net Provision for write down of inventories amounting to ₹ 9.18 Million (Previous Year ₹ 29.18 Million) were recognised as an expense during the year.		

### Note 10: Cash and Cash Equivalents :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>a) CASH AND CASH EQUIVALENTS :</b>		
Cash on hand	0.10	0.10
Balances with Banks :		
In Current Accounts	1,139.50	634.49
	<b>1,139.60</b>	<b>634.59</b>
<b>b) OTHER BANK BALANCES :</b>		
Earmarked Balances with Banks		
For Unclaimed Dividend	34.30	33.38
For Fractional Entitlement	-	2.28
	<b>34.30</b>	<b>35.66</b>

### Note 11: Current Tax Asset/(Liability) - Net :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Advance Tax Paid	814.31	569.49
Less : Provision for Tax	833.93	610.00
<b>Total</b>	<b>(19.62)</b>	<b>(40.51)</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 12: Equity Share Capital :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>AUTHORISED :</b>		
Opening Balance :		
187.50 Million Equity Shares of ₹ 2/- each	375.00	375.00
Changes during the Year	-	-
Closing Balance :	<b>375.00</b>	<b>375.00</b>
<b>ISSUED AND SUBSCRIBED :</b>		
Opening Balance :		
64.897 Million (Previous year 64.773 Million) Equity Shares of ₹ 2/- each	129.79	129.55
Issued during the year		
0.0608 Million (Previous year 0.124 Million) Equity Shares of ₹ 2/- each	0.13	0.24
Closing Balance :		
64.9578 Million Equity Shares of ₹ 2/- each	<b>129.92</b>	<b>129.79</b>
<b>PAID UP :</b>		
Opening Balance :		
64.897 Million (Previous year 64.773 Million) Equity Shares of ₹ 2/- each	129.79	129.55
Addition during the year		
0.0608 Million (Previous year 0.124 Million) Equity Shares of ₹ 2/- each	0.13	0.24
Closing Balance :		
64.9578 Million Equity Shares of ₹ 2/- each	<b>129.92</b>	<b>129.79</b>

"The Group has not applied for any scheme of arrangement during the year nor any such scheme is pending for approval with the competent Authority in terms of sections 230 to 237 of the companies Act, 2013."

Number of Equity Shares reserved for issue under employee stock option plan : 284,800 (Previous year 314,800).

#### Rights attached to Equity Shares :

The Parent 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 Parent Company after distribution of all preferential amounts, in proportion to their shareholding.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 12: Equity Share Capital : (Contd.)

₹ in Million

Shareholder holding more than 5%	As at 31 <sup>st</sup> March, 2026		As at 31 <sup>st</sup> March, 2025	
	Nos. Face Value of ₹ 2/-		Nos. Face Value of ₹ 2/-	
a) Mr. Rahul C. Kirloskar	7.49		7.49	
	11.540%		11.551%	
b) Mr. Atul C. Kirloskar	6.11		6.11	
	9.402%		9.411%	
c) Kirloskar Industries Ltd.	6.42		6.42	
	9.888%		9.897%	
d) Tata Mutual Fund	5.34		4.38	
	8.220%		6.757%	
e) Nippon Life India Trustee Limited	4.10		4.10	
	6.330%		6.321%	

### 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	11.540	74,96,150	11.551	-	(0.011)
2	Atul Chandrakant Kirloskar	61,07,523	9.402	61,07,523	9.411	-	(0.009)
3	Sanjay Chandrakant Kirloskar	3,155	0.005	3,155	0.005	-	(0.000)
4	Aditi Atul Kirloskar	20,68,765	3.185	20,68,765	3.188	-	(0.003)
5	Alpana Rahul Kirloskar	19,84,555	3.055	19,84,555	3.058	-	(0.003)
6	Gauri Atul Kirloskar	6,89,753	1.062	6,89,753	1.063	-	(0.001)
7	Arti Atul Kirloskar	3,31,134	0.510	3,31,134	0.510	-	(0.000)
8	Alika Rahul Kirloskar	60,760	0.094	60,760	0.094	-	(0.000)
9	Aman Rahul Kirloskar	200	0.000	200	0.000	-	(0.000)
10	Roopa Gupta	6,080	0.009	6,080	0.009	-	(0.000)
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	9.888	64,22,990	9.897	-	(0.009)
16	Alpak Investments Private Ltd	16,508	0.025	16,508	0.025	-	(0.000)
17	Navsai Investments Private Ltd	16,507	0.025	16,507	0.025	-	(0.000)
18	Kirloskar Systems Private Ltd	-	-	2,010	0.003	(0.003)	(0.003)
<b>Total</b>		<b>2,52,12,125</b>	<b>38.812</b>	<b>2,52,14,135</b>	<b>38.851</b>	<b>(0.003)</b>	<b>(0.039)</b>

\*The Parent Company has allotted 60,800 equity shares of ₹ 2 each fully paid to its eligible employees under the ESOS schemes. As a result % share holding of the Promoter and Promoter group has undergone a change with respect to number of shares at the beginning and end of the year.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 13: Other Equity :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>Securities Premium (Share Premium) Account:</b>		
As per last Account	214.10	166.99
Add : During the year	22.88	28.33
Add : Transferred from Share Based Payment Reserve	17.13	18.78
<b>Closing Balance</b>	<b>254.11</b>	<b>214.10</b>
<b>General Reserve :</b>		
Opening Balance/As per last Account	7,750.00	6,750.00
Add: Set aside this year	-	1,000.00
<b>Closing Balance</b>	<b>7,750.00</b>	<b>7,750.00</b>
<b>Share Based Payment Reserve :</b>		
Opening Balance/As per last Account	70.77	44.36
Add : During the year	47.66	48.05
Less : Transferred to Share Premium	17.13	18.78
Less : Transfer to Retained Earnings on account of Lapsed ESOS	7.80	2.86
<b>Closing Balance</b>	<b>93.50</b>	<b>70.77</b>
<b>Retained Earnings :</b>		
Opening Balance/As per last Account	1,264.41	651.00
Add : Transferred from Statement of Profit and Loss	2,561.31	2,111.87
Add : Transferred from Other Comprehensive Income - Net of Tax	22.82	(15.01)
Add : Transfer from Share Based Payment Reserve on account of Lapsed ESOS	7.80	2.86
	3,856.34	2,750.72
Less:		
Transfer to General Reserve	-	1,000.00
Dividend Paid	421.94	259.24
Interim Dividend	227.33	227.07
	649.27	1,486.31
<b>Closing Balance</b>	<b>3,207.07</b>	<b>1,264.41</b>
<b>Equity Instruments Through Other Comprehensive Income</b>		
Opening Balance/As per last Account	1,533.35	1,504.45
Add/(Less) FVTOCI Equity Investments - Change in Fair Value	(479.53)	28.90
<b>Closing Balance</b>	<b>1,053.82</b>	<b>1,533.35</b>
<b>Total</b>	<b>12,358.50</b>	<b>10,832.63</b>

- 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 Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 14: Borrowings :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Borrowings - Unsecured</b>		
From Bank and NBFC	-	0.98
Current Maturities of Long terms borrowings	0.98	3.67
<b>Borrowings - Secured (from Bank and NBFC)</b>	27.29	92.62
(Refer Note No. 37 for Net Debt position)		
<b>Total</b>	<b>28.27</b>	<b>97.27</b>
Non Current	-	0.98
Current	28.27	96.29

- a The entire borrowings are by Subsidiary Company.  
b Nature and terms of repayment for borrowings

Sr. No.	Particulars	Terms of Repayment	Security
1	Cash Credit from ICICI Bank I. Amount Sanctioned ₹ 100 Mn II. Interest Rate 9.50%	On Demand	Stock, Book Debt
2	Cash Credit from SBI Bank I. Amount Sanctioned ₹ 80 Mn II. Interest Rate 10.15%	On Demand	Stock, Book Debt
3	Udyam loan from Ambit Finvest Pvt Ltd I. Loan Availed CY balance ₹ Nil (PY ₹ 3.5 Mn) II. Interest Rate 16%	24 monthly installments starting from 5 <sup>th</sup> Apr. 2024	NA
4	Business loan from Deutsche Bank I. Loan Availed ₹ 5 Mn II. Interest Rate 15%	36 monthly installments starting from 5 <sup>th</sup> Oct. 2023	NA

### Note 15: Trade Payables :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Total Outstanding due to Micro and small enterprises	266.32	319.01
Total Outstanding dues of Creditors other than Micro and small enterprises	2,320.82	1,840.35
(Refer Note 35 (2d))		
<b>Total</b>	<b>2,587.14</b>	<b>2,159.36</b>
There are no disputed dues payable to creditors		

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 16: Other Financial Liabilities :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Deposit Received (Non Current)	0.45	0.45
Unpaid Dividends (Current)	34.30	33.38
Fractional Entitlement (Current)	-	2.28
Interest Accrued (Current)	28.32	26.99
Employee Related Liabilities (Current)	187.74	164.08
Other Trade Liabilities (Current)	413.85	306.75
Other Liabilities (Current)	350.27	313.44
<b>Total</b>	<b>1,014.93</b>	<b>847.37</b>
Non Current	0.45	0.45
Current	1,014.48	846.92

### Note 17: Provisions :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Provision for Employee Benefits</b>		
Provision for Leave Encashment (Non Current)	113.08	101.49
Provision for Leave Encashment (Current)	45.94	41.28
Provision for Gratuity (Current)	155.21	16.47
<b>Other Provisions</b>		
Provision for Warranty (Current)	55.73	49.11
<b>Total</b>	<b>369.96</b>	<b>208.35</b>
Non Current	113.08	101.49
Current	256.88	106.87
During the year, the Parent Company made a provision for warranty of ₹ 6.61 Million (Previous year ₹ 11.15 Million), Net off utilisation of ₹ 44.31 Million (Previous year ₹ 63.36 Million).		

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 18: Other Liabilities :

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Advance from Customer (Current)	622.05	1,549.38
Other Liabilities (Current)	223.53	290.47
<b>Total</b>	<b>845.58</b>	<b>1,839.85</b>
Non Current	-	-
Current	845.58	1,839.85
<b>Movement in advance from customer</b>		
Opening Balance	1,549.38	1,253.89
Received during the year	3,590.40	4,428.27
Adjusted against receivables during the year	4,517.73	4,132.78
Closing Balance	622.05	1,549.38
During the year, the Group has recognised revenue of ₹ 1,498.77 Million from opening advance (Previous year ₹ 1,095.35 Million).		

### Note 19: Revenue from Operations :

₹ in Million

Particulars	2025-26	2024-25
<b>Revenue from Contracts with Customers</b>		
Sale of Products	14,475.39	14,025.38
Sale of Services	3,099.38	2,045.83
Lease Income	192.00	208.70
	<b>17,766.77</b>	<b>16,279.91</b>
<b>Other Operating Revenue</b>		
Insurance Claim Received	0.05	0.87
Miscellaneous Receipts	60.20	69.22
Foreign Exchange Gain, Net	1.57	4.23
Bad Debts/Liquidated Damages Recovered	38.76	47.46
	<b>100.58</b>	<b>121.78</b>
<b>Total</b>	<b>17,867.35</b>	<b>16,401.69</b>

### Note 20: Other Income :

₹ in Million

Particulars	2025-26	2024-25
Dividend Income from Equity Investments designated at Fair Value through Other Comprehensive Income	36.40	24.45
Interest Income	15.92	37.00
Unwinding of Interest on Security Deposits	1.01	0.95
Miscellaneous Receipts	1.26	3.19
Surplus on Sale of Assets	11.30	0.96
Net Gain on Financial Instruments Mandatorily Measured at Fair Value Through Profit and Loss	191.36	146.52
Gain on Sale of Investments	20.00	9.40
<b>Total</b>	<b>277.25</b>	<b>222.47</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 21: Cost of Materials Consumed :

₹ in Million

Particulars	2025-26	2024-25
Raw Materials (including components) consumed :		
Stocks at commencement	1,425.57	1,607.66
Add : Purchases	8,380.80	8,139.23
	<b>9,806.37</b>	<b>9,746.89</b>
Less : Stocks at close	1,366.67	1,425.57
<b>Total</b>	<b>8,439.70</b>	<b>8,321.32</b>

### Note 22: Purchase of Traded Goods :

₹ in Million

Particulars	2025-26	2024-25
Purchase of Traded Goods	579.23	489.59
<b>Total</b>	<b>579.23</b>	<b>489.59</b>

### Note 23: Changes in Inventories :

₹ in Million

Particulars	2025-26	2024-25
<b>(Increase)/Decrease in Stocks :</b>		
<b>Closing Inventories</b>		
Finished Goods	327.24	220.16
Work-in-Progress	336.88	410.97
Traded Goods	118.87	77.09
	<b>782.99</b>	<b>708.22</b>
<b>Opening Inventories</b>		
Finished Goods	220.16	179.15
Work-in-Progress	410.97	289.84
Traded Goods	77.09	76.92
	<b>708.22</b>	<b>545.91</b>
<b>Total</b>	<b>(74.77)</b>	<b>(162.31)</b>

### Note 24: Employee Benefits Expenses :

₹ in Million

Particulars	2025-26	2024-25
Salaries & Wages	1,735.84	1,510.98
Share Based Payment	47.66	48.05
Contribution to Provident and Other Funds, etc.	135.33	108.93
Welfare Expenses	137.47	121.07
<b>Total</b>	<b>2,056.30</b>	<b>1,789.03</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 25: Finance Costs :

₹ in Million

Particulars	2025-26	2024-25
<b>Interest:</b>		
On Others	1.92	0.07
On Borrowings	7.33	2.61
On Lease	1.50	0.85
<b>Total</b>	<b>10.75</b>	<b>3.53</b>

### Note 26: Depreciation and Amortisation Expense :

₹ in Million

Particulars	2025-26	2024-25
Depreciation on tangible assets	295.48	263.42
Amortisation of intangible assets	16.87	23.40
Depreciation of Right of use of assets	5.38	4.56
<b>Total</b>	<b>317.73</b>	<b>291.38</b>

### Note 27: Other Expenses :

₹ in Million

Particulars	2025-26	2024-25
Stores and Spares Consumed	222.87	179.11
Job Work Charges	1,590.53	1,523.90
Power, Fuel and Water	212.70	211.76
Building Repairs	75.39	35.95
Machinery Repairs	80.15	71.55
Sundry Repairs	30.61	28.04
Rent	13.37	16.09
Rates and Taxes	11.88	12.27
Insurance	18.34	12.90
Commission on Sales	40.67	36.53
Royalty	56.44	67.72
Travelling Expenses	158.09	132.08
Postage, Telephones, Telex Expenses	21.30	22.39
Bank Charges	23.33	21.48
Freight Outward, Net	140.82	154.25
Vehicle Expenses	25.40	24.40
Printing and Stationery	11.18	9.20
Legal and Professional Charges	108.42	86.92
Advertisement and Publicity Expenses	34.34	26.45
Auditors' Remuneration	3.93	3.95
Directors' Fees and Travelling Expenses	19.47	21.30
Software Expenses	103.59	103.12
Loss on Assets Sold	0.90	3.30
Bad Debts	68.68	61.42
CSR Expenditure	39.05	28.01
Miscellaneous Expenses	184.45	150.70
<b>Total</b>	<b>3,295.90</b>	<b>3,044.79</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Benefits :

#### i Defined Contribution Plans:

Amount of ₹ 90.17 Million (PY ₹ 80.29 Million) is recognised as an expense and included in "Employees benefits expense" in Note 24 in the statement of Profit and Loss.

#### ii Defined Benefit Plans - Gratuity :

The Group operates gratuity plan wherein every employee is entitled to the benefit as per the scheme of the Group, for each completed year of service. The gratuity is payable on termination of service or retirement, whichever is earlier at the rate of 15 days salary for every completed year of service where service is less than 15 years, In case of Parent Company at one month salary for every completed year of service when the service of an employee exceeds 15 years subject to maximum of 25 to 28 months salary depending upon category of the employee. In case of Subsidiary Company the maximum gratuity is ₹ 20 Lakhs. During the year the Parent Company introduced new gratuity scheme where 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 and capped at maximum amount as notified by the Government of India from time to time. The Group ensures in any case that the benefit provided in all the schemes is not less than stipulated by the Code on Social Security, 2020 effective 21<sup>st</sup> November, 2025. For all these schemes the benefit vests only after five years of continuous service. The new scheme is also applicable to fixed term employees after completion of one year of service. The impact of implementation of the New Wage Code has been disclosed under past service cost.

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
<b>A. Amount to be recognised in balance sheet</b>		
Present value of defined benefit obligation	547.40	390.30
Less: Fair value of plan assets	392.19	373.83
<b>Amount to be recognised as liability or (asset)</b>	<b>155.21</b>	<b>16.47</b>
<b>B. Amounts reflected in the balance sheet</b>		
Liabilities	-	-
Assets	(155.21)	(16.47)
<b>Net liability/(assets)</b>	<b>155.21</b>	<b>16.47</b>

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
<b>Employee benefit expenses</b>		
Current service cost	45.60	31.74
Past service cost	139.74	-
<b>Finance cost</b>		
Net interest (income)/expenses	0.56	(2.26)
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>185.90</b>	<b>29.48</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Benefits : (Contd.)

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
1 Opening amount recognised in OCI outside profit and loss account	43.25	23.63
2 Remeasurements for the year - obligation (gain)/loss	(27.71)	21.37
3 Remeasurements for the year - plan assets (gain)/loss	(2.95)	(1.75)
4 Total remeasurements cost/(credit) for the year recognised in OCI	(30.66)	19.62
5 Less: Accumulated balances transferred to retained earnings	(30.66)	19.62
<b>Closing balances (remeasurements (gain)/loss recognised OCI)</b>	<b>12.59</b>	<b>43.25</b>

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
1 Present value of obligation as at the beginning of the period	390.30	345.14
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest expenses	25.30	23.15
5 Past service cost	139.74	-
6 Current service cost	45.60	31.74
7 Curtailment cost/(credit)	-	-
8 Settlement cost/(credit)	-	-
9 Benefits paid	(25.83)	(31.10)
10 Remeasurements on obligation - (gain)/loss	(27.71)	21.37
<b>Present value of obligation as at the end of the period</b>	<b>547.40</b>	<b>390.30</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: 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

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
1 Fair value of the plan assets as at beginning of the period	373.83	367.79
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest income	24.74	25.41
5 Contributions	16.85	10.33
6 Mortality Charges and Taxes	(0.35)	(0.35)
7 Benefits paid	(25.83)	(31.10)
8 Amount paid on settlement	-	-
9 Return on plan assets, excluding amount recognized in Interest Income - gain/(loss)	2.95	1.75
<b>10 Fair value of plan assets as at the end of the period</b>	<b>392.19</b>	<b>373.83</b>
11 Actual return on plan assets	27.69	27.16

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

- f) Net interest (income)/expenses:

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	Gratuity Plan (Funded)	
1 Interest (income)/expense - obligation	25.30	23.15
2 Interest (income)/expense - plan assets	(24.74)	(25.41)
<b>3 Net interest (income)/expense for the year</b>	<b>0.56</b>	<b>(2.26)</b>

#### 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 6.70% has been used for the valuation purpose.

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

Gratuity	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
	Discount rate	7.00%
Expected return on plan assets	6.7% - 6.8%	7.20%
Salary growth rate*	6% - 9.5%	6% - 9.5%
Attrition rate	3% - 9%	3% - 9%
Expected average remaining working lives	8.04 - 9.87	8.54 - 10.25
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.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Benefits : (Contd.)

- h) General descriptions of defined benefit plans.
- i) The Group expects to fund approximately ₹105 Million towards its gratuity plan in the year 2026-27.
- j) Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/decreasing) one parameter by 100 basis points (1%)

₹ in Million

Change in assumptions	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	PVO of Gratuity	
<b>1 Discount rate</b>		
Increase by 1%	516.31	369.80
Decrease by 1%	581.77	412.94
<b>2 Salary increase rate</b>		
Increase by 1%	575.69	408.68
Decrease by 1%	521.14	373.20
<b>3 Withdrawal rate</b>		
Increase by 1%	541.54	386.07
Decrease by 1%	553.55	394.66

### k) Expected Future Benefit Payments

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	PVO of Gratuity	
Within the next 12 months	89.62	65.03
Between 2 & 5 years	237.01	164.59
Above 5 years	328.11	243.82

### l) Average Duration

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 8.75 - 14.56 years (PY 8.53 - 15.77 years)

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Benefits : (Contd.)

#### 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 Group is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

##### b) Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

##### c) Future Salary Escalation And Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

#### 2) Asset Risk

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.

LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group 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.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Benefits : (Contd.)

#### iii Defined Benefit Plan - Compensated Absences:

The Group 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. The impact of implementation of the New Wage Code has been disclosed under past service cost.

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>A. Amount to be recognised in balance sheet</b>		
Present value of defined benefit obligation	159.02	142.77
Less: Fair value of plan assets	-	-
<b>Amount to be recognised as liability or (asset)</b>	<b>159.02</b>	<b>142.77</b>
<b>B. Amounts reflected in the balance sheet</b>		
Current Liabilities	45.94	41.28
Non Current Liabilities	113.08	101.49
<b>Total Liability</b>	<b>159.02</b>	<b>142.77</b>

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Employee benefit expenses</b>		
Current service cost	18.25	17.53
Past service cost	1.24	-
<b>Finance cost</b>		
Net interest (income)/expenses	8.73	7.59
Remeasurements for the year - obligation (gain)/loss	(1.60)	11.44
<b>Net cost recognised in the statement of profit and loss</b>	<b>26.62</b>	<b>36.56</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Benefits : (Contd.)

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

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
1 Present value of obligation as at the beginning of the period	142.77	117.29
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest expenses	8.73	7.59
5 Past service cost	1.24	-
6 Current service cost	18.25	17.53
7 Curtailment cost/(credit)	-	-
8 Settlement cost/(credit)	-	-
9 Benefits paid	(10.37)	(11.08)
10 Remeasurements on obligation - (gain)/loss	(1.60)	11.44
<b>Present value of obligation as at the end of the period</b>	<b>159.02</b>	<b>142.77</b>

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

Defined Benefit Plan - Compensated Absences:	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Discount rate	7.00%	6.7% - 6.8%
Expected average remaining working lives	8.5 - 9.87	8.44 - 13.69
Salary growth rate*	6% - 9.5%	6% - 9.5%
Attrition rate	3% - 9%	3% - 9%
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult

\*The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.

e) Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/decreasing) one parameter by 100 basis points (1%)

₹ in Million

Change in assumptions	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	PVO of Compensated Absences	
<b>1 Discount rate</b>		
Increase by 1%	153.50	137.86
Decrease by 1%	164.96	148.06
<b>2 Salary increase rate</b>		
Increase by 1%	163.32	146.58
Decrease by 1%	154.93	139.15
<b>3 Availment rate</b>		
Increase by 1%	162.92	146.09
Decrease by 1%	154.70	139.08

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 28: Employee Benefits : (Contd.)

#### f) Expected Future Benefit Payments

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
	PVO of Compensated Absences	
Within the next 12 months	12.97	12.52
Between 2 & 5 years	41.80	35.73
Above 5 years	45.45	42.52

#### g) Average Duration

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and availment rate) is 6.14 - 6.67 years (PY 6.21 - 6.87 years)

#### h) Risk Exposure And Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

##### 1) Liability Risk

##### a) Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

##### b) Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

##### c) Future Salary Escalation And Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

##### 2) Unfunded Plan Risk

This represents unmanaged risk and a growing liability. There is an inherent risk that the Group may default on paying the benefits in adverse circumstances.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 29: Employee Stock Options Scheme - Ind AS 102 :

The Parent Company, during the year 2019-20, introduced Employee Stock Options (ESOS) to its employees. This Scheme is referred as the "KPCL Employee Stock Option Scheme" ("KPCL ESOS - 2019" or "Scheme").

The objective of the KPCL ESOS - 2019 is to reward the Employees of the Parent Company for their performance and to motivate them to contribute to the growth and profitability of the Parent Company. The Parent Company also intends to use this Scheme to retain talent in the organisation. The Parent Company views Employee Stock Options as instruments that would enable the Employees to share the value they create for the Parent Company and align individual objectives of employees with objectives of the Parent Company in the years to come.

The Shareholders by way of special resolution dated 20<sup>th</sup> July, 2019 authorized the Nomination and Remuneration Committee of the Board of Directors (NRC) to grant ESOS to the employees of the Parent Company. NRC in its meeting held on various dates grant Options details of which given below, 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 Parent 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 22 <sup>nd</sup> October, 2019		Grant date 29 <sup>th</sup> April, 2021		Grant date 19 <sup>th</sup> October, 2022		Grant date 19 <sup>th</sup> October, 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. 29, 2022	43,000	Oct. 19, 2023	47,000	Oct. 19, 2024	24,000
Vesting 2	Oct. 22, 2021	1,38,000	Apr. 29, 2023	41,500	Oct. 19, 2024	31,500	Oct. 19, 2025	22,500
Vesting 3	Oct. 22, 2022	1,38,500	Apr. 29, 2024	2,000	Oct. 19, 2025	30,500	-	-
Vesting 4	Oct. 22, 2023	1,02,500	Apr. 29, 2025	1,500	-	-	-	-

Particulars	Grant date 20 <sup>th</sup> July, 2024		Grant date 18 <sup>th</sup> July, 2025		Grant date 23 <sup>rd</sup> January, 2026	
	Vesting Date	Option Vested	Vesting Date	Option Vested	Vesting Date	Option Vested
Vesting 1	Jul. 20, 2025	18,500	-	-	-	-
Vesting 2	-	-	-	-	-	-
Vesting 3	-	-	-	-	-	-
Vesting 4	-	-	-	-	-	-

Options granted on 18<sup>th</sup> July, 2025 and 23<sup>rd</sup> January, 2026 are not yet eligible for vesting as on 31<sup>st</sup> March, 2026.

Number and weighted average exercise prices of options granted, exercised and cancelled/expired during the financial year:

#### Options granted on 22<sup>nd</sup> October, 2019 - 684,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	22,800		1,02,100	
Granted during the year	-		-	
Forfeited/lapsed/surrendered during the year	-		1,500	
Options vested during the year	-		-	
Exercised during the year	16,900	120.00	77,800	120.00
Expired during the year	1,900		-	
Options outstanding at the end of year	4,000		22,800	
Options exercisable at the end of the year	4,000		22,800	
Weighted average remaining contractual life	0.56 Years		1.37 Years	

\* Weighted average share price on the date of exercise is ₹ 1,189.79 (Previous Year ₹ 1,228.92)

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 29: Employee Stock Options Scheme - Ind AS 102 : (Contd.)

#### Options granted on 29<sup>th</sup> April, 2021 - 104,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	6,300		6,800	
Granted during the year	-		-	
Forfeited/lapsed/surrendered during the year	500		500	
Options vested during the year	1,500		1,500	
Exercised during the year	5,500	190.00	-	190.00
Expired during the year	300		-	
Options outstanding at the end of year	-		6,300	
Options exercisable at the end of the year	-		4,300	
Weighted average remaining contractual life	<b>NIL</b>		<b>1.74 Years</b>	

\* Weighted average share price on the date of exercise is ₹ 1,072.33 (Previous Year ₹ Nil)

#### Options granted on 19<sup>th</sup> October, 2022 - 164,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	1,04,000		1,44,200	
Granted during the year	-		-	
Forfeited/lapsed/surrendered during the year	3,500		6,500	
Options vested during the year	30,500		31,500	
Exercised during the year	19,100	400.00	33,700	400.00
Expired during the year	-		-	
Options outstanding at the end of year	81,400		1,04,000	
Options exercisable at the end of the year	49,400		38,000	
Weighted average remaining contractual life	<b>2.55 Years</b>		<b>3.36 Years</b>	

\* Weighted average share price on the date of exercise is ₹ 1,117.28 (Previous Year ₹ 1,402.16)

#### Options granted on 19<sup>th</sup> October, 2023 - 114,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	87,700		1,14,000	
Granted during the year	-		-	
Forfeited/lapsed/surrendered during the year	3,500		12,000	
Options vested during the year	22,500		24,000	
Exercised during the year	9,300	450.00	12,800	450.00
Expired during the year	-		1,500	
Options outstanding at the end of year	74,900		87,700	
Options exercisable at the end of the year	22,900		9,700	
Weighted average remaining contractual life	<b>3.53 Years</b>		<b>4.33 Years</b>	

\* Weighted average share price on the date of exercise is ₹ 1,101.79 (Previous Year ₹ 1,571.30)

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 29: Employee Stock Options Scheme - Ind AS 102 : (Contd.)

#### Options granted on 20<sup>th</sup> July, 2024 - 94,000 shares

Particulars	2025 - 26		2024 - 25	
	No. of Shares	Weighted average exercise price ₹	No. of Shares	Weighted average exercise price ₹
Options outstanding at the beginning of the year	94,000		-	
Granted during the year	-		94,000	
Forfeited/lapsed/surrendered during the year	13,500		-	
Options vested during the year	18,500		-	
Exercised during the year	10,000	810.00	-	810.00
Expired during the year	2,000		-	
Options outstanding at the end of year	68,500		94,000	
Options exercisable at the end of the year	6,500		-	
Weighted average remaining contractual life	<b>4.00 Years</b>		<b>4.67 Years</b>	

\* Weighted average share price on the date of exercise is ₹ 1,117.28 (Previous Year ₹ Nil)

#### Options granted on 18<sup>th</sup> July, 2025 - 48,000 shares

Particulars	2025 - 26		2024 - 25	
	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	48,000		-	
Forfeited/lapsed/surrendered during the year	-		-	
Options vested during the year	-		-	
Exercised during the year	-	900.00	-	-
Expired during the year	-		-	
Options outstanding at the end of year	48,000		-	
Options exercisable at the end of the year	-		-	
Weighted average remaining contractual life	<b>4.80 Years</b>		<b>NIL</b>	

#### Options granted on 23<sup>rd</sup> January, 2026 - 8,000 shares

Particulars	2025 - 26		2024 - 25	
	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	8,000		-	
Forfeited/lapsed/surrendered during the year	-		-	
Options vested during the year	-		-	
Exercised during the year	-	840.00	-	-
Expired during the year	-		-	
Options outstanding at the end of year	8,000		-	
Options exercisable at the end of the year	-		-	
Weighted average remaining contractual life	<b>5.32 Years</b>		<b>NIL</b>	

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 29: Employee Stock Options Scheme - Ind AS 102 : (Contd.)

#### Fair value of the options granted:

The Parent Company has recorded employee stock-based compensation expense relating to the options granted to the employees based on fair value of options.

The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

#### Employee-benefit expenses to be recognised in the financial statements:

The Parent Company has recognised an amount of ₹ 47.66 Million (Previous year ₹ 48.05 Million) as employee compensation cost relating to share-based payment in the Statement of Profit and Loss.

### Note 30: Revenue from Operations :

The disaggregation of revenue such as sales of products, sale of services, revenue from composite supply & leasing is given in Note No.18 - Revenue from Operations. Further disaggregation of revenue is given in operating segment in Note No. 31.

Most of the contracts are fixed price contracts and revenue is recognised at point in time. Most of payment terms are between 0 to 180 days. The terms of payment also varies in relation to class of customer with advance payments, milestone payments, customary credit terms with retention payment getting released as agreed in the contract.

The aggregate amount of the transaction price allocated to the remaining performance obligations expected to be recognized as revenue in the next one year is ₹ 392.17 Million (Previous year ₹ 162.03 Million).

The Group does not have any significant remaining performance obligations that are expected to be recognized beyond one year.

The Parent Company provides to its customers warranties in the forms of repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 "Provision, Contingent Liabilities and Contingent Assets". The warranty is generally provided for a period of 12 Months to 36 Months from the date of equipment sale. Management estimates the provision based on historical warranty claim information and recent trends.

#### Reconciliation of the Company's Revenue from Contract with Customers

₹ in Million

Particulars	2025-26	2024-25
Contract Price	18,347.92	16,724.33
Adjustment for :		
Discounts, rebates, price concessions & incentives	581.15	444.42
<b>Revenue from Contract with Customers</b>	<b>17,766.77</b>	<b>16,279.91</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 31: Details of Operating Segment - Ind AS 108 :

₹ in Million

Sr. No	Particulars	2025-26			2024-25		
		COMPRESSION SYSTEMS	OTHER NON REPORTABLE SEGMENTS	TOTAL	COMPRESSION SYSTEMS	OTHER NON REPORTABLE SEGMENTS	TOTAL
<b>A. Information about Operating Segment (See Note below)</b>							
<b>1</b>	<b>Segment Revenue</b>						
	Sales	16,712.45	1,154.90	17,867.35	15,403.07	998.62	16,401.69
	Less: Inter Segment Revenue	-	-	-	-	-	-
	<b>Net Revenue from Operations</b>	<b>16,712.45</b>	<b>1,154.90</b>	<b>17,867.35</b>	<b>15,403.07</b>	<b>998.62</b>	<b>16,401.69</b>
<b>2</b>	<b>Result</b>						
	Segment Result (Net of Income)	4,070.92	(681.39)	3,389.53	3,330.18	(518.31)	2,811.87
	Operating Profit before Interest			3,389.53			2,811.87
	Less: Finance Cost			10.75			3.53
	<b>Profit before Tax</b>			<b>3,378.78</b>			<b>2,808.34</b>
<b>3</b>	<b>Other Information</b>						
	Segment Assets	8,588.50	8,985.70	17,574.20	8,423.64	8,048.60	16,472.24
	<b>Total Assets</b>			<b>17,574.20</b>			<b>16,472.24</b>
	Segment Liabilities	4,306.83	670.52	4,977.35	4,731.93	651.12	5,383.05
	<b>Total Liabilities</b>			<b>4,977.35</b>			<b>5,383.05</b>
<b>4</b>	<b>Capital Expenditure During the year</b>	239.25	528.15	<b>767.40</b>	207.59	676.92	<b>884.51</b>
<b>5</b>	<b>Depreciation and Impairment</b>	172.20	145.53	<b>317.73</b>	191.49	99.89	<b>291.38</b>
<b>B Revenue by location</b>							
1	In India			16,812.27			15,162.68
2	Outside India			1,055.08			1,239.01
	<b>Total</b>			<b>17,867.35</b>			<b>16,401.69</b>
All Assets of the Group are located within India							

### C Other Disclosures

- In terms of provisions of Ind-AS108 - 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 Parent Company assesses the financial performance and position of the Group and make strategic decisions. The Board of Directors, has identified Executive Committee comprising of Executive Chairman and Managing Director as CODM.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 31: Details of Operating Segment - Ind AS 108 : (Contd.)

2 Composition of Operating Segment

Name of the Segment :	Comprises of :
a) Compression Systems	Air & Gas Compressors, Airconditioning & Refrigeration Compressors and Systems etc.
b) Other non-reportable Segments	Remaining non qualifying segments

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

4 Revenue of ₹ 3,956.58 Million (PY ₹ NIL) is from a single external customer who has contributed more than 10% of Revenue of the Group in the Compression Segment and is earned in India.

### Note 32: Disclosure of Transactions with Related Parties as required by the Ind AS -24 :

#### (a) Names of the related parties

1) Key Management Personnel	Rahul C. Kirloskar	Executive Chairman
	K. Srinivasan	Managing Director
2) Relatives of Key Management Personnel	Alpana Rahul Kirloskar	Wife
	Suman C. Kirloskar	Mother
	Atul C. Kirloskar	Brother
	Alika Rahul Kirloskar	Daughter
	Aman Rahul Kirloskar	Son
	Malathi Srinivasan	Wife
	Janaki Krishnaswamy	Mother
3) Entity controlled by a person or his close relatives where that person is either	Alpak Investment Pvt. Ltd.	
	Navsai Opportunities Pvt. Ltd.	
	Kiara Lifespaces Pvt. Ltd.	
	Alotoxl Ventures LLP	
i) key management personnel of the Company or	Rykenthorus Ventures LLP	
	Binaza Consult Pvt. Ltd.	
ii) has a control or joint control over the Company or	Indifour Consult Pvt. Ltd.	
iii) has significant influence over the Company		
4) Post employment benefit plan of the Company	Kirloskar Pneumatic Company Limited Employees Gratuity Fund	Trust
	Kirloskar Pneumatic Company Limited Officers Superannuation Fund	Trust

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### (b) Related Party Transactions

₹ in Million

Nature of Transaction	Year	Key Management Personnel		Relatives of Key Management Personnel	Entity controlled by a person or his close relatives	Total
		Promoter Holding more than 10% (Mr. Rahul C. Kirloskar)	Other	Other	Other	
Services Received	2025-26	92.08	56.56	16.98	1.96	<b>167.58</b>
	2024-25	<b>91.54</b>	<b>35.92</b>	<b>14.39</b>	<b>48.53</b>	<b>190.38</b>
Short Term Employee Benefits	Refer Note No 28					
Post Employment Benefits	Refer Note No 28					
Rent Paid	2025-26	-	-	3.00	-	<b>3.00</b>
	2024-25	-	-	<b>3.00</b>	-	<b>3.00</b>
Dividend Paid	2025-26	74.96	1.58	81.58	-	<b>158.12</b>
	2024-25	<b>56.22</b>	<b>1.18</b>	<b>61.17</b>	-	<b>118.57</b>
Balance Outstanding						
Receivable	2025-26	-	-	-	-	-
	2024-25	-	-	-	-	-
Payable	2025-26	45.00	35.00	5.00	1.76	<b>86.76</b>
	2024-25	<b>45.00</b>	<b>15.00</b>	<b>5.00</b>	<b>11.41</b>	<b>76.41</b>
Deposit Receivable	2025-26	-	-	20.00	-	<b>20.00</b>
	2024-25	-	-	<b>20.00</b>	-	<b>20.00</b>

#### Contribution to

Kirloskar Pneumatic Company Limited Employees Gratuity Fund - ₹ 16.83 Million (PY of ₹ 10.33 Million)

Kirloskar Pneumatic Company Limited Officers Superannuation Fund - ₹ 31.20 Million (PY of ₹ 26.68 Million)

Receiving of services includes Remuneration paid/payable to Key Managerial Personnel as per Note No 33, and to Relatives of Key Managerial Personnel.

There are no loans and advances given in the nature of loans to above mentioned Related Parties.

There are no loans and advances given in the nature of loans to firms/companies in which directors are interested.

Transactions entered into with Related Party's are made on terms equivalent to those that prevail in arms length transactions.

Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash.

The company has provided capital commitment of ₹ Nil to the related parties as at 31<sup>st</sup> March, 2026 (31<sup>st</sup> March, 2025 - ₹ Nil)

The company has provided guarantee of ₹ Nil to the related parties as at 31<sup>st</sup> March, 2026 (31<sup>st</sup> March, 2025 - ₹ Nil)

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 33: Managerial Remuneration :

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

₹ in Million

Particulars	2025-26			2024-25		
	Executive Chairman	Managing Director	TOTAL	Executive Chairman	Managing Director	TOTAL
Salary	30.00	14.40	44.40	30.00	14.40	44.40
Commission	45.00	35.00	80.00	45.00	15.00	60.00
Contribution to Provident Fund, Superannuation and Gratuity : #	10.60	4.58	15.18	10.60	4.58	15.18
Other perquisites *	6.48	2.58	9.06	5.94	1.94	7.88
<b>Gross Remuneration</b>	<b>92.08</b>	<b>56.56</b>	<b>148.64</b>	<b>91.54</b>	<b>35.92</b>	<b>127.46</b>

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

# 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.

### Note 34: Financial Instruments - fair values :

- (a) Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities which are stated at fair value/amortised cost as applicable

₹ in Million

Particulars	Carrying value (stated at Fair value/Amortised cost)	
	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>A Financial assets</b>		
<b>a) Fair value through other comprehensive income (FVTOCI)</b>		
Equity investments	1,200.03	1,759.58
<b>b) Fair value through profit and loss (FVTPL)</b>		
Mutual Fund investments	3,426.22	2,685.52
<b>c) Amortised cost</b>		
Trade receivables	5,251.99	4,827.13
Other financial assets	341.76	397.16
Cash and cash equivalents	1,139.60	634.59
Other bank balances	34.30	35.66
<b>Total</b>	<b>11,393.90</b>	<b>10,339.64</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 34: Financial Instruments - fair values : (Contd.)

₹ in Million

Particulars	Carrying value (stated at Fair value/Amortised cost)	
	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>B Financial liabilities</b>		
<b>Amortised cost</b>		
Borrowings	28.27	97.27
Lease liabilities	5.14	8.76
Trade payables	2,587.14	2,159.36
Other financial liabilities	1,014.93	847.37
<b>Total</b>	<b>3,635.48</b>	<b>3,112.76</b>

#### 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 Group based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables wherever applicable. As of reporting date, the fair value of such receivables, net of allowances, if any, are not materially different from their carrying values.

There are no borrowings by the Parent Company as on the reporting date of the current and previous year. Borrowings are however obtained at market rates of interest available for debt on similar terms, credit risk and remaining maturities.

- (b) Fair value hierarchy and valuation techniques used

The following table provides the fair value measurement hierarchy of Group'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 Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 34: Financial Instruments - fair values : (Contd.)

As at 31<sup>st</sup> March, 2026

#### Financial assets measured at fair value

₹ in Million

Particulars	Amortised Cost	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
<b>Financial assets</b>						
FVTOCI investments - quoted	-	888.42	-	-	Quoted market price	
FVTOCI investments - unquoted	-	-	-	311.61	Discounted cash flow/ carrying value	EBIDTA, Free cash flow for 4 Years, growth rate, risk adjusted discount rate
FVTPL investments - Mutual Funds	-	3,426.22	-	-	Quoted market price	
<b>Total</b>	<b>-</b>	<b>4,314.64</b>	<b>-</b>	<b>311.61</b>		

Debentures matured on 01.06.1998 awaiting realisation are recorded at fair value of NIL.

Loss in fair value compared to previous year of the level 3 item amounting to ₹ 278.32 Million has been recognised in FVTOCI.

As at 31<sup>st</sup> March, 2025

#### Financial assets measured at fair value

₹ in Million

Particulars	Amortised Cost	Level 1	Level 2	Level 3	Valuation technique used	Inputs used
<b>Financial assets</b>						
FVTOCI Investments - Quoted	-	1,169.65	-	-	Quoted market price	
FVTOCI Investments - Unquoted	-	-	-	589.93	Discounted cash flow/ carrying value	EBIDTA, Free cash flow for 4 Years, growth rate, risk adjusted discount rate
FVTPL investments - Mutual Funds	-	2,685.52	-	-	Quoted market price	
<b>Total</b>	<b>-</b>	<b>3,855.17</b>	<b>-</b>	<b>589.93</b>		

Debentures matured on 01.06.1998 awaiting realisation are recorded at fair value of NIL.

Gain in fair value compared to previous year of the level 3 item amounting to ₹ 290.74 Million has been recognised in FVTOCI.

During the year ended 31<sup>st</sup> March, 2026, 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 Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 35: Financial Risk Management :

#### Financial risk management policy and objectives

The Group's principal financial liabilities comprise of borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, Cash and Cash equivalents which are derived directly from its operations.

Group 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 Group's activities and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The board of directors reviews and agrees policies for managing each of these risk as 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. Group transacts business in local currency INR and in different foreign currencies. Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated. Group's forex exposure is partly covered by natural hedge. For unhedged exposure refer note 35 - foreign currency sensitivity analysis.

##### b) Crypto currency risk

The Group has not traded in any cryptocurrencies during the year. The Group does not hold any cryptocurrency or virtual currency as at 31<sup>st</sup> March, 2026 and 31<sup>st</sup> March, 2025. The Group has also not received any deposits or advances for the purpose of investing in cryptocurrencies or virtual currencies.

##### c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Parent Company has Nil borrowing as on 31<sup>st</sup> March, 2026, but has an exposure of ₹ 3,426.22 Million in its current investments. To minimise this exposure Parent Company spreads its investment portfolio into short term and medium term maturities.

The Subsidiary Company has borrowings at variable interest rates. Profit or Loss and Equity are sensitive to higher/lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

₹ in Million

Particulars	As at	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Total borrowings at variable interest rate	27.29	92.62
Interest rate swaps	-	-
<b>Net exposure to interest rate risk</b>	<b>27.29</b>	<b>92.62</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 35: Financial Risk Management : (Contd.)

#### Interest Rate Sensitivity

₹ in Million

Particulars	Impact on pre tax profit or loss and pre tax equity	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Increase 50 bps	0.14	0.46
Decrease 50 bps	-0.14	-0.46

#### d) Price risk

##### Equity price risk

The Parent 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 Parent 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 ₹ 888.42 Million. A decrease/increase of 5% in the active market could have an impact of approximately ₹ 44.42 Million on the OCI or equity attributable to the Company. These changes would not have a material effect on profit and loss.

The fair values of the investments in unquoted equity shares have been estimated using valuation technique unless they approximate to carrying value. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility.

A 50 bps increase/decrease in discounting factor used while keeping all other variables constant, would result in the carrying value of the shares decrease/increase by ₹ 2.30 Million (Previous year ₹ 3.50 Million).

#### 2) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group 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 Group has a large customer base and thus has no concentration of credit risks on a single customer. Also refer Note No. 31(C) for customer who has contributed more than 10% of the revenue.

##### 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.

- Group 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.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 35: Financial Risk Management : (Contd.)

The table summarises aging for trade receivable:

₹ in Million

Unsecured Trade receivables - considered good	Not due	Outstanding from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Non-Credit Impaired</b>							
Current	3,637.91	1,209.16	308.23	79.82	0.28	2.61	5,238.01
Non-Current	21.51	-	-	-	-	-	21.51
Expected credit loss	(0.36)	(1.21)	(1.20)	(2.08)	(0.07)	(2.61)	(7.53)
<b>31<sup>st</sup> March, 2026</b>	<b>3,659.06</b>	<b>1,207.95</b>	<b>307.03</b>	<b>77.74</b>	<b>0.21</b>	<b>-</b>	<b>5,251.99</b>
<b>Non-Credit Impaired</b>							
Current	2,943.92	1,630.28	69.97	163.02	2.27	0.17	4,809.63
Non-Current	23.00	-	-	-	-	-	23.00
Expected credit loss	-	(0.30)	(3.38)	(1.04)	(0.61)	(0.17)	(5.50)
<b>31<sup>st</sup> March, 2025</b>	<b>2,966.92</b>	<b>1,629.98</b>	<b>66.59</b>	<b>161.98</b>	<b>1.66</b>	<b>-</b>	<b>4,827.13</b>

Expected credit loss/write off on receivables is provided on the basis of previous estimated trend which is 0.10%, 0.50%, 100% for outstanding between 1 to 365 days, 1 to 2 years and more than 2 years respectively.

#### Movement of Loss allowance (for expected credit loss under simplified approach) :

Particulars	₹ in Million
As at 1 <sup>st</sup> April, 2024	5.03
Allowance made/(reversed) during the year	0.47
Less : Written off	-
<b>As at 1<sup>st</sup> April, 2025</b>	<b>5.50</b>
Allowance made/(reversed) during the year	2.03
Less : Written off	-
<b>As at 31<sup>st</sup> March, 2026</b>	<b>7.53</b>

##### 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 Group considers that its cash and cash equivalents have low credit risks.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 35: Financial Risk Management : (Contd.)

#### c) Liquidity risk

The table summarises the maturity profile of Group's financial liabilities based on contractual undiscounted payments except lease liabilities.

Generally payment terms for Trade payable are between 0 to 90 days.

₹ in Million

Particulars	31 <sup>st</sup> March, 2026					Total
	Carrying amount	On demand	Less than 6 months	6-12 Months	>1 year	
Interest bearing borrowings	28.27	28.27	-	-	-	<b>28.27</b>
Lease Liabilities	5.14	-	1.93	1.55	1.66	<b>5.14</b>
Other financial liabilities	1,014.93	62.62	604.83	347.03	0.45	<b>1,014.93</b>
Trade payables	2,587.14	-	2,587.14	-	-	<b>2,587.14</b>

₹ in Million

Particulars	31 <sup>st</sup> March, 2025					Total
	Carrying amount	On demand	Less than 6 months	6-12 Months	>1 year	
Interest bearing borrowings	97.27	92.62	1.76	1.91	0.98	<b>97.27</b>
Lease Liabilities	8.76	-	1.76	1.86	5.14	<b>8.76</b>
Other financial liabilities	847.37	62.65	505.52	278.75	0.45	<b>847.37</b>
Trade payables	2,159.36	-	2,159.36	-	-	<b>2,159.36</b>

#### d) The table summarises aging for trade payable:

₹ in Million

Trade Payable	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>31<sup>st</sup> March, 2026</b>						
MSME	248.14	18.18	-	-	-	266.32
Others	1,887.30	427.17	5.78	0.02	0.55	2,320.82
<b>Total</b>	<b>2,135.44</b>	<b>445.35</b>	<b>5.78</b>	<b>0.02</b>	<b>0.55</b>	<b>2,587.14</b>
<b>31<sup>st</sup> March, 2025</b>						
MSME	304.53	14.16	0.20	-	0.12	319.01
Others	1,492.93	346.27	0.55	0.12	0.48	1,840.35
<b>Total</b>	<b>1,797.46</b>	<b>360.43</b>	<b>0.75</b>	<b>0.12</b>	<b>0.60</b>	<b>2,159.36</b>

There are no disputed dues payable to creditors.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 36: Foreign Currency Sensitivity Analysis :

#### (A) Exposure Hedged - Foreign Exchange Derivatives

₹ in Million

Nature of Instrument	Currency	Sale/Purchase	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Forward Contracts	USD	Purchase	-	-

#### (B) Exposure Unhedged - Net - Payable/(Receivable)

Currency	Net exposure in foreign currency in Million		Net exposure in ₹ Million	
	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
USD	(0.51)	(0.88)	(46.94)	(74.19)
EUR	0.50	0.05	55.70	4.74
GBP	0.93	0.26	118.72	30.05
SGD	-	0.02	-	1.09
AED	(0.01)	-	(0.32)	-

₹ in Million

Currency	Sensitivity %	Impact on profit (strengthen)*		Impact on profit (weakening)*	
		31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
USD	4.5%	2.13	2.54	(2.13)	(2.54)
EUR	6.5%	(3.64)	(0.16)	3.64	0.16
GBP	7.2%	(8.61)	(1.33)	8.61	1.33
SGD	0.0%	-	(0.05)	-	0.05
AED	4.8%	0.02	-	(0.02)	-
<b>Total INR</b>		<b>(10.10)</b>	<b>1.00</b>	<b>10.10</b>	<b>(1.00)</b>

(\* Strengthening/weakening of foreign currency)

### Note 37: Capital Management :

The Group's capital includes issued equity capital, share premium and free reserves.

The Group's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base. The Group 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<sup>st</sup> March, 2026 and 31<sup>st</sup> March, 2025.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 37: Capital Management : (Contd.)

The Group has not been declared as a wilful defaulter by any lender who has powers to declare a Group 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

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Borrowings (including current maturities)	28.27	97.27
Less: Cash and cash equivalents & current investments	4,565.82	3,320.11
<b>Net debt</b>	<b>(4,537.55)</b>	<b>(3,222.84)</b>
<b>Total Equity</b>	<b>12,488.42</b>	<b>10,962.42</b>

#### 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 <sup>st</sup> April, 2025	3,320.11	97.27	3,222.84
Cash Flows	1,054.35	(69.00)	1,123.35
Other non-cash movement	-	-	-
Fair Value Adjustment	191.36	-	191.36
<b>(Net Debt)/Surplus as on 31<sup>st</sup> March, 2026</b>	<b>4,565.82</b>	<b>28.27</b>	<b>4,537.55</b>

### Note 38: Leases - Ind AS 116 :

#### A The Group as a Lessee :

Has entered into agreements in the nature of Lease/Leave and License agreement with different Lessors/Licensors for the purpose of establishment of office premises/residential accommodations and assets. These are generally in nature of operating Lease/Leave and License and disclosure required as per Ind AS 116 with regard to the above is as under.

#### Extension and termination options :

Extension and termination options are included in a number of property leases. The majority of extension and termination options held are exercisable only by the Group and not by respective lessor. The termination option in two leases with related party includes mutual termination clause with a 90 days notice in writing.

#### Critical judgements in determining lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 38: Leases - Ind AS 116 : (Contd.)

#### i) Where the Lease arrangements are not recognised as ' Right-of-Use Asset ' and covered under paragraph 6 of Ind AS 116

- Payment under Lease/Leave and License for period :
  - Not later than 1 year ₹ 6.45 Million (₹ 7.30 Million)
  - Later than 1 year but not later than 5 years ₹ 4.09 Million (₹ 8.21 Million)
- There are no transaction in the nature of Sub Lease.
- Payments recognised as Rent in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2026 amounts to ₹ 13.37 Million (PY ₹ 16.09 Million)
- 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 Group has committed and are yet to commence.

#### ii) Where the Lease arrangements are recognised as ' Right-of-Use Asset ' under Ind AS 116

- Depreciation charge for right-of-use assets amounts to ₹ 5.38 Million (PY ₹ 4.56 Million) Refer Note No.1 - Property, Plant & Equipment.
- Interest Expenses on Lease Liability ₹ 1.50 Million (PY ₹ 0.85 Million) is the non-cash movement in (leases) financing liability (Refer Note No.25 - Finance Cost and Statement of Cashflow).
- The expense relating to leases accounted by applying paragraph 6 are given in Note 38 A above.
- The Parent Company has not entered into any transaction in the nature of Sub Lease or sale & lease back.  
The Subsidiary Company has entered into a sale and lease back transaction in previous year. The gains/(losses) arising from that transaction are ₹ Nil (PY ₹ 2.53 Million).
- The aggregate amount of cash outflow on account of leases covered including that of Note 38 A is ₹ 18.49 Million (PY ₹ 19.79 Million)
- The carrying amount of right-of-use assets at the end of the reporting period amount to ₹ 5.89 Million (PY ₹ 11.27 Million) (Refer Note No.1 - Property, Plant & Equipment).
- For maturity profile of lease liability Refer Note No.35 (2) (C).

#### B The Group as a Lessor :

The Parent Company has entered into agreements with various customers for providing Compression Facility on Operating Lease basis. It recognises its income generally on a straight line basis unless differential payment terms are applicable. The Company has disclosed these details in Note No. 1 - Property, Plant & Equipment. The corresponding lease income has been disclosed in Note No. 19 - Revenue From Operations. The Group has not entered into any agreements on variable lease payments.

- The Group has not given any assets on Financial Lease basis.
- The Parent Company has examined its expected future revenue from existing leasing contracts and does not foresee any requirement for impairment as per Ind AS 36 for the underlying leased assets.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 38: Leases - Ind AS 116 : (Contd.)

- c. Maturity Analysis based on current firm contract period]

₹ in Million

Asset under Lease	Undiscounted Lease Payments to be received in each of next 5 Years				
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Compression Facility</b>					
As at 31 <sup>st</sup> March, 2026	129.60	-	-	-	-
As at 31 <sup>st</sup> March, 2025	33.50	-	-	-	-

- d. The Group has not entered into any transaction in the nature of sale & lease back.

### Note 39: Capital and other Commitments :

₹ in Million

Particulars	2025-26	2024-25
i. Estimated amount of Contracts remaining to be executed on Capital Account by the Group and not provided for, net of Advances.	110.10	146.50
ii. Guarantees given by Group's Bankers for Contracts undertaken by the Group are secured by a First Charge on Group's Inventory and Book Debts. Amount outstanding as on 31 <sup>st</sup> March, 2026, net of Advances.	3,179.96	3,042.43

### Note 40: Payment to Auditors :

₹ in Million

	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
(a) As Auditors	3.40	3.15
(b) In Other Capacity		
For Tax Audit	0.43	0.43
For Certification	0.03	0.23
	<b>3.86</b>	<b>3.81</b>
(c) For Expenses	0.07	0.14
<b>Total</b>	<b>3.93</b>	<b>3.95</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 41: Dividend Distribution made and Proposed :

₹ in Million

Particulars	2025-26	2024-25
<b>Cash dividend on equity shares declared and paid by the Parent Company</b>		
Final dividend for the year ended 31 <sup>st</sup> March, 2025 ₹ 6.50 Per share i.e.325% (31 <sup>st</sup> March, 2024 of ₹ 4 Per share i.e.200%).	421.94	259.24
Interim dividend for the year ended 31 <sup>st</sup> March, 2026 ₹ 3.50 Per share i.e.175% (31 <sup>st</sup> March, 2025 ₹ 3.50 Per share i.e.175%).	227.33	227.07
<b>Total</b>	<b>649.27</b>	<b>486.31</b>

Final dividend proposed by the Parent Company for the year ended 31<sup>st</sup> March, 2026 is ₹ 8.50/- per share i.e 425% of face value of ₹ 2/- per share.

Proposed dividend on equity shares are subject to approval of the shareholders of the Parent Company at the annual general meeting and are not recognised as a liability as at 31<sup>st</sup> March, 2026.

The Subsidiary Company has not declared any dividend during the current financial year as well as previous financial year.

### Note 42: Contingent Liabilities :

#### A. Contingent Liabilities not provided for in respect of :

₹ in Million

Particulars	2025-26	2024-25
Claims against the Company not acknowledged as Debts, estimated at	118.23	121.13
Income Tax Matters	6.97	6.97
Disputed Central Excise/GST Matters	0.01	0.01
Disputed Customs Matters	14.22	2.29
Guarantees given by Company to Customers for the contracts undertaken in usual course of business	2.25	3.74

In case of the Subsidiary Company, there are no contingent liabilities as on Balance Sheet date and does not have pending litigations which will impact on financials.

### Note 43: Expenditure in Foreign Currencies (accrual basis) :

₹ in Million

Particulars	2025-26	2024-25
<b>CIF Value of Imports</b>		
Raw Materials & Components	1,438.68	1,721.68
Capital Goods	39.17	-
Other Expenses	48.83	97.00
<b>Total</b>	<b>1,526.68</b>	<b>1,818.68</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 44: Earnings in Foreign Currencies (accrual basis) :

₹ in Million

Particulars	2025-26	2024-25
F.O.B. Value of Exports	1,048.09	1,217.55
Export of Services	7.08	21.46
Other Income	0.42	0.43
<b>Total</b>	<b>1,055.59</b>	<b>1,239.44</b>

### Note 45: Earnings Per Share :

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic and diluted earnings per share calculation are as follows:

₹ in Million

Particulars	2025-26	2024-25
Profit for the year attributable to owners of the Parent Company (₹ in Million)	2,561.31	2,111.88
Weighted average number of equity shares used as denominator	6,49,22,300	6,48,30,724
	In ₹	In ₹
Basic earnings per share of nominal value of ₹ 2/- each	39.45	32.58
<b>Effect of dilution</b>		
Stock option granted under ESOP (number of shares)	1,05,694	1,44,617
Weighted average number of equity shares for the purpose of computing	6,50,27,994	6,49,75,341
	In ₹	In ₹
Diluted earnings per share of nominal value of ₹ 2/- each	39.39	32.50

### Note 46:

The information as required to be disclosed under the "Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the company. Based on disclosure, total outstanding of Micro and Small Enterprises to whom the Group owes money is as under :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Total outstanding to Micro and Small Enterprises suppliers	266.32	319.01
Principal Amount	266.32	319.01
Interest Amount on above	-	-
Payment made to suppliers beyond the appointed day, during the year	717.54	1,544.83
Interest due and payable to suppliers under MSMED Act, for the payments already made	1.32	5.97
Interest accrued and remaining unpaid for the year to suppliers under MSMED Act	1.59	5.99
Interest remaining due & payable to suppliers under MSMED Act	28.64	27.05

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 47: Taxation

Group has provided Income Tax for the year ended on 31<sup>st</sup> March, 2026 and remeasured its Deferred Tax Asset/Liability on the basis of rates prescribed under section 115BAA of the Income Tax Act, 1961 exercising the option permitted under that section.

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Current income tax	838.50	695.00
<b>Current Tax</b>	<b>838.50</b>	<b>695.00</b>
Relating to origination and reversal of temporary difference	(2.56)	0.51
<b>Deferred Tax</b>	<b>(2.56)</b>	<b>0.51</b>
<b>Income tax expenses reported in the Statement of Profit and Loss</b>	<b>835.94</b>	<b>695.51</b>

### Other Comprehensive Income (OCI) :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
<b>Deferred tax related to items recognised in OCI during the year</b>		
Net loss/(gain) on actuarial gains and losses	(7.72)	4.94
Net loss/(gain) on FVOCI equity instruments	80.02	(3.49)
<b>Deferred tax charged to OCI</b>	<b>72.30</b>	<b>1.45</b>

### Reconciliation of tax expense and tax calculated at prevailing income tax rate on the accounting profit for the year ended March, 2026 & March, 2025 is as under

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
<b>Accounting Profit Before Tax</b>	<b>3,378.78</b>	<b>2,808.34</b>
Tax on above at current rate of Income Tax	850.37	706.80
<b>Tax Expense</b>		
Current	838.50	695.00
Deferred	(2.56)	0.51
<b>Total Tax Expense</b>	<b>835.94</b>	<b>695.51</b>
Difference	(14.43)	(11.29)
<b>Tax Reconciliation :</b>		
<b>Amounts not deductible</b>		
Donations & CSR expenses	9.83	7.05
Others	1.85	1.81
<b>Amounts not Taxable</b>		
Deduction allowed	-	(72.81)
Others	(8.11)	(1.73)
Tax at special rate	(22.57)	(30.61)
Taxation in respect of earlier years	4.57	85.00
<b>Total</b>	<b>(14.43)</b>	<b>(11.29)</b>

The Group has not surrendered or disclosed any income during the year in the tax assessments under the Income Tax Act, 1961.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 47: Taxation : (Contd.)

The gross movement in the deferred income tax for the year ended 31<sup>st</sup> March, 2026 and 31<sup>st</sup> March, 2025 is as follows :

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Net deferred tax (Asset)/Liability at the beginning of the year	181.57	182.51
(Credit)/Charge in Profit & Loss account due to temporary differences	(2.56)	0.51
(Credit)/Charge in Other Comprehensive Income due to temporary differences	(72.30)	(1.45)
<b>Net deferred tax (Asset)/Liability at the end of the year</b>	<b>106.71</b>	<b>181.57</b>

### Income Taxes

₹ in Million

Particulars	As at 31 <sup>st</sup> March, 2026	As at 31 <sup>st</sup> March, 2025
Opening Balance	40.51	55.69
Add: Tax Paid (Net of Refund)	817.61	679.82
Less: Current Tax Payable for the year	838.50	695.00
Less: Income Tax on other Comprehensive Income	-	-
<b>Net Current Tax Asset/(Liability) at the end of the year</b>	<b>19.62</b>	<b>40.51</b>

### Note 48: Expenditure on Corporate Social Responsibility ("CSR") activities :

₹ in Million

a	Particulars	2025-26	2024-25
	Gross amount required to be spent by the Parent Company during the year	39.00	28.00
	Amount approved by the board to be spent during the year	39.00	28.00
	<b>Amount spent during the year on :</b>		
	(i) Construction/Acquisition of any asset	-	-
	(ii) On purpose other than (i) above	39.05	28.01
	The amount of shortfall at the end of the year out of the amount required to be spent by the Parent 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 Parent Company	Refer note 'b' below	Refer note 'b' below

b The Parent Company has undertaken CSR activities relating to Promoting Education, Ensuring environmental sustainability, Preventive health care and sanitation.

The Subsidiary Company is not required as per Companies Act 2013 to incur expenditure on CSR.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 49: Acquisitions (Business Combination)

The Parent Company, on 4<sup>th</sup> December 2024, acquired 55.26% equity shares in Systems & Components India Private Limited. Accordingly previous year figures are consolidated from 4<sup>th</sup> December 2024. Systems & Components India Private Limited is engaged in the business of designing, manufacturing, installation, commissioning and after sales service of Refrigeration Systems/Packages and allied Products.

Further, as per the terms of share purchase agreement, the Parent Company also has a call option to acquire balance equity shares held by Non-Controlling Interests (NCI) and simultaneously, shareholders of Systems & Components (transferor company) have put option to sell the remaining equity shares to be exercised after holding period at a price based on mutually agreed upon formula. However, if the options are not exercised in the given option period, the company has to purchase remaining equity shares at the end of the option period by applying same formula agreed at the time of exercising options. The options have been recorded at fair value as per Ind AS 109.

### Note 50: Disclosure in terms of Schedule III of the Companies Act, 2013 :

As at 31<sup>st</sup> March, 2026

₹ in Million

Name of the entity in the Group	Net Asset i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	₹ in Millions	As a % of Consolidated Profit	₹ in Millions	As a % of Consolidated other Comprehensive Income	₹ in Millions	As a % of Consolidated total comprehensive income	₹ in Millions
<b>Parent</b>								
Kirloskar Pneumatic Company Limited	99.31%	12,509.49	101.62%	2,584.11	100.06%	(456.86)	101.96%	2,127.25
<b>Subsidiaries</b>								
<b>Indian</b>								
Systems and Components (India) Private Limited	0.57%	72.36	-1.68%	(42.63)	-0.06%	0.27	-2.03%	(42.36)
Non Controlling Interest	0.86%	108.43	-0.73%	(18.46)	-0.03%	0.12	-0.88%	(18.34)
Adjustments arising out of consolidation	-0.74%	(93.43)	0.79%	19.82	0.03%	(0.12)	0.95%	19.70
<b>Total</b>		<b>12,596.85</b>		<b>2,542.84</b>		<b>(456.59)</b>		<b>2,086.25</b>

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 50: Disclosure in terms of Schedule III of the Companies Act, 2013 : (Contd.)

As at 31<sup>st</sup> March, 2025

₹ in Million

Name of the entity in the Group	Net Asset i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	₹ in Millions	As a % of Consolidated Profit	₹ in Millions	As a % of Consolidated other Comprehensive Income	₹ in Millions	As a % of Consolidated total comprehensive income	₹ in Millions
<b>Parent</b>								
Kirloskar Pneumatic Company Limited	98.84%	10,960.84	99.90%	2,110.70	94.87%	13.49	99.87%	2,124.19
<b>Subsidiaries</b>								
<b>Indian</b>								
Systems and Components (India) Private Limited	1.03%	114.72	0.08%	1.67	5.13%	0.73	0.11%	2.40
Non Controlling Interest	1.14%	126.77	0.04%	0.95	2.30%	0.33	0.06%	1.28
Adjustments arising out of consolidation	-1.01%	(113.14)	-0.02%	(0.49)	-2.30%	(0.33)	-0.04%	(0.82)
<b>Total</b>		<b>11,089.19</b>		<b>2,112.83</b>		<b>14.22</b>		<b>2,127.05</b>

### Note 51: Interest in Other Entities :

#### A) Subsidiary

₹ in Million

Sr. No.	Particulars	Ownership interest held by the Parent Company	
		31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
i	Systems and Components (India) Private Limited	55.26%	55.26%

The principal place of business of the subsidiary is in India. The principal business of the subsidiary company is in similar line of parent company's business. The ownership interest held by non-controlling interest is to the extent of 44.74%.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 51: Interest in Other Entities : (Contd.)

#### B) Non-controlling interest

Set out below is the summarised financial information for subsidiary - Systems and Components (India) Private Limited that has non-controlling interest of 44.74%.

#### Summarised Balance Sheet:

₹ in Million

Particulars	31 <sup>st</sup> March, 2026	31 <sup>st</sup> March, 2025
Non-current assets	242.78	269.93
Current assets	104.34	224.38
<b>Total Assets</b>	<b>347.12</b>	<b>494.31</b>
Current liabilities	102.16	203.29
Non-current liabilities	2.60	7.68
<b>Total Liabilities</b>	<b>104.76</b>	<b>210.97</b>
<b>Reserves &amp; Surplus</b>	-	-
<b>Total Liabilities and Reserves</b>	<b>104.76</b>	<b>210.97</b>
<b>Net Assets (A)</b>	<b>242.36</b>	<b>283.34</b>
Attributable to Non-controlling interest	108.43	126.77
Attributable to Parent	133.93	156.57

#### Summarized statement of Profit and Loss:

₹ in Million

Particulars	2025-26	2024-25
Total revenue	289.06	117.09
Total expense	331.98	115.29
<b>Profit/(loss) before tax</b>	<b>(42.92)</b>	<b>1.80</b>
Exceptional Items	(0.63)	-
Tax expense	2.28	0.32
<b>Profit/(loss) after tax</b>	<b>(41.27)</b>	<b>2.12</b>
Other comprehensive income net of tax	0.27	0.73
<b>Total comprehensive income net of tax</b>	<b>(41.00)</b>	<b>2.85</b>
Profit/(loss) attributable to the Parent Company	(22.66)	1.58
<b>Profit/(loss) attributable to the non-controlling interest</b>	<b>(18.34)</b>	<b>1.28</b>

#### Summarized Cash flow:

₹ in Million

Particulars	2025-26	2024-25
Net cash flows from operating activities	2,328.22	2,152.21
Net cash flows from investing activities	(1,106.18)	(1,554.04)
Net cash flows from financing activities	(709.91)	(457.47)

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 52: Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

There are no loans and advances in the nature of loans granted/advanced by the Group to firms/companies in which Directors are interested. There are no loans and advances in the nature of loans granted/advanced by the Parent Company to the Subsidiary Company.

### Note 53: Assets Classified as Held for Sale :

In the previous years, the Parent Company had identified certain assets from property, plant & equipments of the business which are available for sale in its present condition. The Parent Company has taken active programme to complete the sale during the year. The Parent Company has substantially completed the sale activity of these assets and expects to dispose off balance assets in the due course. Accordingly, non-current assets amounting to ₹1.56 Million (Previous year ₹59 Million) (net fair value) have been classified as held for sale. The fair value of these assets is determined on the basis of estimated realisable value.

### Note 54: Exceptional Items :

On 21<sup>st</sup> November, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment published draft Central Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The Group has assessed and estimated the incremental impact of these changes on the basis of information available, consistent with the guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and non-recurring nature of this impact on employee benefits, the Group has accounted ₹140.98 Million in the current year as "Exceptional Items" in the statement of profit and loss account. The impact primarily arises due to change in wage definition. The Group continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and impact of these if any, will be evaluated and accounted for in accordance with applicable accounting standards in the period in which they are notified.

The assets held for sale by the Parent Company are measured at lower of the carrying value and fair value less cost to sale at the time of reclassification which resulted in recognition of impairment loss and has been disclosed as an exceptional item in the statement of profit and loss amounting to ₹ Nil (Previous year ₹38.49 Million).

### Note 55: Long term Contracts :

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group 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 31<sup>st</sup> March, 2026 there are no such contracts.

### Note 56:

Working capital facilities (fund based & non fund based) are secured by way of first charge on book debts and other tangible assets (comprising of inventory etc.) in favour of consortium of banks.

The Group does not have any charges or satisfaction which is yet to be registered with the ROC beyond the statutory period.

Quarterly returns or statements of current assets filed by the Group with banks are in agreement with the books of accounts.

### Note 57:

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 58: Transactions with Struck off Companies

The Parent Company does not have any transactions with companies struck off.

During the year, the Subsidiary Company had a relationship with a struck off company under section 248 of the Companies Act, 2013, as detailed below:

Name of the Struck Off Company	Nature of Transaction	Balance Outstanding	Relationship
Victory Alloy Steel Pvt Ltd	None	Nil	Subsidiary of Systems and Components India (Pvt) Ltd

No transactions were carried out with the above-mentioned struck off company during the year, and there is no outstanding balance as at the year end.

### Note 59:

#### Disclosure for Investment and transaction through/as an intermediary to ultimate Beneficiary

- The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - 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

### Note 60:

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

### Note 61:

These financial statements were authorised for issue by the Board of Directors of the Parent Company on 27<sup>th</sup> April, 2026.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### Note 62: NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2026.

#### 1. Corporate Information

The consolidated financial statements comprise the financial statements of Kirloskar Pneumatic Company Limited ('the Parent Company') and its subsidiaries (collectively 'the Group'). The Parent Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act 1956. The registered office of the Company is located at 1, Hadapsar Industrial Estate, Pune 411 013. The equity shares of the Parent Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited.

The Group is engaged in the business of Compression & Transmission products, primarily serving sectors of oil & gas, engineering, steel, cement, food & beverage by offering engineered products and solutions. The Compression segment is engaged in design, manufacture, supply and erection / commissioning of wide range of air, gas and refrigeration compressors, packages & systems. Transmission products include design, manufacture and supply of railway traction gears and customized gearboxes for windmill, industrial and marine applications. The Parent Company also manufactures forge parts to support internal manufacturing requirements as well as servicing external customer.

#### 2. Basis of preparation of Financial Statements

The Group's consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

The financial statements have been prepared on historical cost basis, except for certain financial instruments which are either stated at amortised cost or measured at fair value

through profit and loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

Also, plan assets in a defined benefit plans are measured at fair value.

#### Basis of consolidation

##### (i) Basis of accounting and preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ('Ind AS') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the 2013 Act') and the relevant provisions of the 1956 Act / 2013 Act, including rules thereunder as applicable and guidelines issued by Securities and Exchange Board of India ('SEBI'). The accounting policies adopted in the preparation of the consolidated financial statements are consistent. All assets and liabilities have been classified as Current or Non-current as per the respective Company's normal operating cycle and other criteria set out in Schedule III to the 2013 Act.

##### (ii) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 110, "Consolidated Financial Statements".
- The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra Group balances and intra group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India.
- The consolidated financial statements are presented, to the extent applicable, in accordance

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements. Differences if any, in accounting policies have been disclosed separately.

- Particulars of subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of the Company	Country of Incorporation	% of Holding of Kirloskar Pneumatic Company Limited	Consolidated as
Systems and Components (India) Private Limited	India	55.26%	Subsidiary

The accounting policies of the Parent Company are best viewed in its independent financial statements. Differences in accounting policies followed by the Systems & Components ( India ) Private Limited have been reviewed and no adjustments have been made, since the impact if any of these differences is not significant.

#### 3. Significant account judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

##### 3.1. Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effects on the amounts recognised in the financial statements:

###### Operating lease where Group is a lessor

The Group, for its leases, has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the asset under a lease and the fair value of the asset, that it retains all the significant risks and rewards of

ownership of these assets and accounts for the contracts as operating leases.

###### Lease Term where Group is a lessee

The group has applied provisions of Ind AS 116 effective 1<sup>st</sup> April, 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgment.

###### Revenue Recognition

The group recognises revenue for each performance obligation either at a point in time or over a time.

In case performance obligation is satisfied over a period of time, either the input method or output method is used based on the type of contract and the performance obligation involved to determine the revenue to be recognised. These methods faithfully depict the company's performance towards complete satisfaction of performance obligation.

Practical expedient of "right to consideration" is also considered in respect of contracts where the satisfaction of performance is measured using the output method while recognizing revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the group generally recognises revenue when the control is transferred. In case of domestic sale of goods, transfer of control is evaluated based on consideration of transfer of risk & reward of ownership, legal title to the goods, acceptance or inspection by the customer, companies right to payment and physical possession and in case of exports on the date of Bill of Lading. In case of services, the revenue is recognized based on completion of distinct performance obligation.

###### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition related costs are generally recognised in the Statement of Profit or Loss as incurred.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

The cost of an acquisition also includes the estimated fair value of any contingent consideration measured as at the date of acquisition. This measurement is based on information available at the acquisition date and is based on expectations and assumptions that have been deemed reasonable by management. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the consolidated Statement of Profit and Loss

Business Combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Acquisition of some or all of the non-controlling interest ('NCI') is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Parent Company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transactions.

### 3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the

financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Defined benefit plans

The cost of the defined benefit plans and other post employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and expected rate of return on plan assets.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, actuary considers the interest rates of government bonds and extrapolates as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based as per the policy of the Group.

Further details about defined benefit obligations are provided in Note 27.

#### Fair value of investments

The Company holds equity and debt investments in unquoted companies. The valuation of investment requires assumptions in relation to growth rates and discount rates.

The valuation of such investments is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### 3.3 Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the group's functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest millions as per the requirements of Schedule III, unless otherwise stated.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### 4. Material Accounting Policies

#### 4.1 Current Vs Non Current Classification

##### The group presents assets and liabilities in the Balance Sheet based on current/non-current classification

##### An asset is current when it is:

- 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 Group measures financial instruments such as Investments etc. at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The Group's management determines the policies and procedure for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant unquoted financial assets and liabilities.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### 4.3 Property, Plant and Equipment

- a. Property, plant and equipment; and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment, borrowing costs for long term construction projects if the recognition criteria are met and net initial cost estimate of requirement of restoration of site where the asset is located. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

- b. Capital work-in-progress comprises of cost of property, plant and equipment that are not yet 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 expense.

#### Depreciation

- With the commencement of the Companies Act, 2013, depreciation is being provided on straight line method according to the useful life prescribed on single shift working basis in Sch II of the Act on the carrying amount of the asset over the remaining useful life of the asset as per the said schedule, except as stated below. Where the asset is used any time during the year in double or triple shift, depreciation is being calculated on the basis of Note 6 of the said schedule.
- Depreciation on Vehicle other than leased vehicles is being provided over a period of five years, being the estimated useful life of the asset to the group.
- Depreciation on Additions to Property, plant and equipment is being provided on pro-rata basis from the month of acquisition or installation of the said Asset, as per Note 2 of Sch II to Companies Act, 2013 in a manner stated above.

- Depreciation on Leased Vehicles is being provided over a period of eight years, being the estimated useful life of the asset to the group.
- Depreciation on Compression Facilities given on lease is being provided on the basis of estimated useful life of each of the components of the facility.
- Depreciation on Jigs & Fixtures, Patterns and Dies is being provided over a period of three years, being the estimated useful life of the asset to the group.
- Depreciation on Assets sold, discarded or demolished during the year is being provided at their respective rates up to the preceding month in which such Assets are sold, discarded or demolished.
- Technical assessment of assets is carried out annually to identify cost of part of asset which is significant to total cost of asset and where useful life of that part of asset is significantly different than useful life of remaining part of asset. Parts are depreciated as per useful life so determined.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 4.4 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Expenditure on acquiring Technical Know-how (intangible asset) is amortised equally over a period of five years or usage period whichever is lesser, after commencement of commercial production. Depreciation on additions to Software is provided on pro-rata basis from the month of installation, over a period of one year.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are recorded at the consideration paid for acquisition.

### 4.5 Borrowing Cost

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of the asset. Other borrowing costs are recognized as expenses in the period in which these are incurred.

### 4.6 Impairment of Assets

The Group assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets. Market related information and estimates such as long-term growth rates, weighted average cost of capital and cash flow projections considering past experience are used to determine the recoverable amount. If such recoverable amount of the assets or the recoverable amount (economic value in use) of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Profit and Loss account. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Profit and Loss account.

### 4.7 Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a) Financial assets

##### (i) Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

##### (ii) Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at Fair value through profit and loss (FVTPL)
- Financial assets at amortised cost:

A financial asset is measured at amortised cost if:

- The financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

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 Group may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit and loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

### (iii) De-recognition of financial assets

A financial asset is derecognised when:

- The contractual rights to the cash flows from the financial asset expire,

Or

- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### (iv) Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made from financial assets which are equity instruments and financial liabilities. For financial assets a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### (v) Impairment of financial assets

The group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### b) Financial Liabilities

#### (i) Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

#### (ii) Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- Financial liabilities at fair value through profit and loss
- Amortised Cost
- Loans and Borrowings at amortised Cost

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### (iii) De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from Balance Sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### 4.8 Derivatives

Group uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk to the Group. Derivative contracts are not used for trading or speculation purposes.

All derivatives are measured at fair value through the Profit and Loss. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. Hedging activities are explicitly identified and documented by the Group.

### 4.9 Foreign Currency Transactions

#### a. Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

#### b. Conversion

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are 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

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

foreign currency loans utilized for acquisition of assets, is adjusted in the cost of the asset up to transition date of Ind AS only.

### 4.10 Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- Group as a Lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Group uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio. However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Group considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Group applies both recognition exemptions.

#### Right of use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease

incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Group also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

#### Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

#### Lease modification

For a lease modification that is not accounted for as a separate lease, the group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

- Group as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and

## Notes to Consolidated Financial Statements

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depreciated over its useful economic life. However, if there is no reasonable certainty that the group will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 4.11 Inventories

Cost of inventories have been computed to include all costs of Purchase, Cost of Conversion and other costs incurred in bringing inventories to their present location and condition.

- I. The Stocks of Raw Materials and Components, Stores and Spares and Traded Goods are valued at cost calculated on Weighted Average basis.
- II. The Stocks of Work-in-Progress (including factory-made components) and Finished Goods are valued on the basis of Full Absorption Cost of attributable factory overheads or net realisable value, whichever is lower.
- III. Goods in Transit are stated at actual cost to the date of Balance Sheet.
- IV. Unserviceable and Obsolete Raw Materials are valued at an estimated realisable value.
- V. Imported Materials lying in Bonded Warehouse, are valued at cost to the date of Balance Sheet.

### 4.12 Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of profit and loss.

#### 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.

## Notes to Consolidated Financial Statements

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss, is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 4.13 Employee Benefits

#### a) Short Term Employee Benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

#### b) Employee Stock Options Scheme

The fair value of options granted on the date of grant to employees is recognised as employee benefit expense with corresponding increase in equity being the share based payment. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are required to be satisfied. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions.

It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

#### c) Post-Employment Benefits

##### (i) Defined contribution plan

The Group makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The group has no further obligations under these schemes beyond its periodic contributions.

##### (ii) Defined benefit plan

The employee's gratuity fund scheme is Group's defined benefit plan. The present 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.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

#### d) Other long term employment benefits:

The employee's long term compensated absences are Group's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet.

In regard to other long term employment benefits, the Group recognises the net total of service cost; net interest on the net defined benefit liability (asset); and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

#### Termination Benefits:

Termination Benefits are recognised in the statement of profit and loss in the year in which termination benefits become payable or when the Group determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

### 4.14 Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic

resources. Such provisions reflect best estimates based on available information.

Provisions for cost of warranty obligations are recognised at the best estimate of the expenditure required to settle the Group's obligation.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 4.15 Revenue Recognition

a) Revenue from contracts with customers for sale of goods or services is recognised when a performance obligation is satisfied either over a time or at a point in time by transferring a promised good or service under the contract to a customer and the customer obtains control of the same, creating a right to payment for the performance completed, the associated costs can be estimated reliably and the amount of revenue can be measured reliably.

Revenue towards satisfaction of a performance obligation is measured at the transaction price allocated to that performance obligation net of discounts, rebates and returns.

b) Contract is recognised when parties to the contract approve the contract committing respective performance obligations, identify each parties rights to goods and services to be transferred under the contract, payment terms, thus has a commercial substance and where the Company shall be entitled to collect the consideration in exchange of goods or services to the Customer.

c) In contracts under which performance obligation is satisfied at a point in time, revenue is recognised at point in time when the control is transferred. Evaluation of point of time when control is transferred is performed based on consideration of transfer of risks & rewards of ownership, legal title to the goods, acceptance or inspection by the customer, companies right to the payment and physical

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

- possession in case of domestic sales and in case of export on the date of bill of lading.
- d) In contracts under which performance obligation is satisfied over a period of time, covering multiple reporting dates, an input method is used to recognise the revenue as it corresponds to entity's efforts to the satisfaction of the performance obligation relative to total expected efforts.
- e) Such measurement may result in the Group's recognising either contract asset or contract liability (unbilled revenue). The contract assets represents amount due from customer, primarily relate to the Company's rights to consideration for work executed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, that is when invoice is raised on achievement of contractual milestone. This usually occurs when the Company issues an invoice to the customer. The contract liabilities represents amount due to customer, primarily relate invoice raised on customer on achievement of milestone for which revenue is recognised over the period of time and after the reporting date.
- f) Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. The company reasonably estimates the standalone selling prices if such prices are not observable. For each performance obligations identified as above the revenue is recognised either at a point in time or over time. When the company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.
- g) Disaggregation of Revenue is depicted in Operating Segment.
- h) Government grant in the nature of export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the statement of profit and loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
- i) Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.
- j) Income from dividend on investments is accrued in the year in which it is authorized, whereby right to receive is established
- k) Profit / Loss on sale of investments is recognized on the contract date.

### 4.16 Cash dividend

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders except in case of interim dividend which is approved by the Board. A corresponding amount is recognised directly in equity.

### 4.17 Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 4.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments and increase & decrease in current assets and current liabilities. The cash flows from regular operating, investing and financing activities of the Group are segregated.

## Notes to Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2026

### 5. Ind AS amendments and Standards not yet effective

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, Ind AS 1, Presentation of Financial Statements and Ind AS 7, Statement of Cashflows applicable w.e.f. 1<sup>st</sup> April, 2025. The Company has reviewed the amendments and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In accordance with the recommendations of National Financial Reporting Authority (NFRA), Ind AS 118 - Presentation and Disclosure in Financial Statements will be applicable from 1<sup>st</sup> April 2027. The Company will evaluate the impact of the new standards for implementation in due course.

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

**Aman R. Kirloskar**  
Managing Director  
DIN - 09823056

**Rahul C. Kirloskar**  
Executive Chairman  
DIN - 00007319

**Anand Jog**  
Partner  
Membership No. 108177  
Pune, 27<sup>th</sup> April, 2026

**Jitendra Shah**  
Company Secretary  
ACS 17243

**Ramesh Birajdar**  
Vice President & Chief Financial Officer  
ACA 104452  
Pune, 27<sup>th</sup> April, 2026








**Registered Office:**

Hadapsar Industrial Estate,  
Pune 411 013, Maharashtra, INDIA.  
Telephone: 020 - 2672 7000 Fax: 020 - 2687 0297

**Email:** [sec@kirloskar.com](mailto:sec@kirloskar.com)

**Website:** [www.kirloskarpneumatic.com](http://www.kirloskarpneumatic.com)

**CIN:** L29120PN1974PLC110307

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