



KIRLOSKAR PNEUMATIC CO. LTD.

A Kirloskar Group Company

42nd ANNUAL REPORT 2016 - 2017

Enriching Lives

We're all ears.



For more than a century, we've been listening to our customers. Now with the advent of smart technology, we can listen to our products and respond in real time to ensure a seamless customer experience. We've always fostered a culture of listening and customer-centricity has been at the core of everything we do. We are glad that this new ability to listen to our products will empower us to provide proactive support and set a new benchmark for customer satisfaction.

Your company is harnessing smart technology by:

- Gathering, monitoring & analysing real time equipment performance data.
- Using high-end software to optimise designs for weight, footprint and improving product efficiency.
- Using customised software for Project Management.

**BOARD OF DIRECTORS**

Mr Rahul C Kirloskar	Executive Chairman
Mr Aditya Kowshik	Managing Director
Mr Atul C Kirloskar	
Mr Vikram S Kirloskar	
Mr G Krishna Rao	
Mr D R Swar	
Mr Sunil Shah Singh	
Dr Aditi Pant	
Dr Ajay Dua	
Mr K Venkataramanan	Appointed w.e.f. 23 rd July, 2016
Mr A C Mukherji	Retired w.e.f. 23 rd July, 2016
Mr P S Jawadekar	Retired w.e.f. 23 rd July, 2016

CHIEF FINANCIAL OFFICER

Mr Suhas S Kolhatkar

COMPANY SECRETARY

Mr Jitendra Shah

AUDITORS

M/s P G Bhagwat
Chartered Accountants, Pune

SECRETARIAL AUDITORS

M/s SVD & Associates
Company Secretaries, Pune

BANKERS

Bank of India	ICICI Bank Ltd.
Bank of Maharashtra	HDFC Bank Ltd.
Union Bank of India	

REGISTERED OFFICE

Hadapsar Industrial Estate, Pune 411 013
Email : sec@kpcl.net
www.kirloskarkpcl.com
CIN : L29120PN1974PLC110307

Information for shareholders**Annual General Meeting**

Day & Date	: Thursday, 27 th July, 2017
Time	: 03.00 p.m.
Venue	: S.M. Joshi Socialist Foundation (S. M. Joshi Hall) S.No. 191/192, Navi Peth, Ganjave Chowk, Near Patrakar Bhavan, Pune 411 030
Date of Book Closure	: 21 st July, 2017 to 27 th July, 2017 (both days inclusive)

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NOTICE OF 42ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the 42nd Annual General Meeting of the Members of Kirloskar Pneumatic Company Limited will be held on Thursday, the 27th day of July, 2017 at 3.00 p.m. at S.M. Joshi Socialist Foundation (SM Joshi Hall), S. No. 191/192 Navi Peth, Ganjave Chowk, Near Patrakar Bhavan, Pune 411030 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2017 together with the Report of the Auditors' and Board of Directors thereon.
2. To declare dividend on equity shares for the financial year ended on 31st March, 2017.
3. To appoint a Director in place of Mr Vikram S Kirloskar (holding DIN 00007907), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify appointment of M/s P G Bhagwat (Firm Registration No.101118W) Chartered Accountants, as Statutory Auditors.

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Section 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 Rs. 5 Lakhs (Rupees Five Lakhs only) to Company's Cost Auditor, M/s Sudhir Govind Jog, a proprietary firm of Cost Accountant, for auditing the cost records maintained by the Company for the financial year ending on 31st March, 2018."

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 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) read with Schedule IV to the Companies Act, 2013, Mr Krishnamurthi Venkataramanan (holding DIN 00001647), Director of the Company who was appointed as an additional director, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 consecutive years upto 26th July, 2020.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 197 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), Mr Krishnamurthi Venkataramanan be paid such fees and remuneration and profit related commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time."

Registered Office :
Hadapsar Industrial Estate,
Pune 411 013

Date : 9th May, 2017

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

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY / PROXIES SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of companies must be supported by an appropriate resolution/authority as applicable.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 21st July, 2017 to Thursday, the 27th July, 2017 (both days inclusive) for the purpose of declaration of dividend and annual closing.

The dividend, if declared at the Annual General Meeting, will be paid to those members :
 - a) whose names appear as Beneficial Owners as at the end of the business hours on 20th July, 2017 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of equity shares held in electronic form; and
 - b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers / transmissions in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 20th July, 2017.
4. In order to get their future dividend through Electronic Clearing Service (ECS) members who are holding shares in physical form are requested to inform their Bank Account Details i.e. Name of the Bank, Branch, its address, Account Number and Type of Account to M/s Link Intime India Pvt Ltd (LIPL) or to the Company. Shareholders holding shares in electronic form are requested to inform their Bank Account details to their respective Depository Participants. Those Members who do not opt for ECS facility may inform their details to LIPL for printing the same on the Dividend Warrants to ensure safety.
5. All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the Meeting and other statutory registers shall be available for inspection by the Members at the Registered Office of the Company during normal business hours on all working days between 11.00 a.m. and 1.00 p.m. except Saturdays, from the date hereof up to the date of the Annual General Meeting.
6. In terms of the provisions of Section 124 of the Companies Act, 2013, the amount of dividend not encashed or claimed within seven (7) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government. Accordingly, the unclaimed dividend in respect of financial year 2009-10 is due for transfer to the said Fund in August, 2017. In terms of provisions of Section 124 of the Companies Act, 2013, no claim shall lie against the Company or the said Fund after the said transfer.
7. Members who have neither received nor encashed their dividend warrant(s) for the financial years 2009-10 to 2016-17, are requested to write to the Company, mentioning the relevant Folio number or DP ID and Client ID, for issuance of duplicate/revalidated dividend warrant(s) before the amount becomes due for transfer.
8. Members holding shares in physical form are requested to promptly notify in writing any changes in their address/bank account details to the Secretarial Department of the Company at Hadapsar Industrial Estate, Pune 411013 or its registrar M/s Link Intime India Pvt Ltd (LIPL) at their address, Akshay Complex, No. 202, 2nd floor, near Ganesh Temple, Off Dhole Patil Road, Pune 411001. Members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP).
9. 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.

10. Voting through electronic means for Annual General Meeting

- I. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Companies (Management and Administration) Amendment Rules, 2015 and modifications and amendments thereof, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through polling paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Monday, the 24th July, 2017 (9 a.m.) and ends on Wednesday, the 26th July, 2017 (5 p.m.). During this period, members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, the 20th July, 2017 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:-
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participant(s) / Registrar & Transfer Agent] :
 - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for remote e-voting. Please note that the password is an initial password.
NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "remote e-voting.pdf".
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password (the initial password mentioned in the e-mail sent by NSDL to shareholders whose email addresses are registered with the company/depository participant(s) and verification code as displayed). Click Login.
 - (v) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "KIRLOSKAR PNEUMATIC COMPANY LIMITED".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to deulkarcs@gmail.com with a copy marked to evoting@nsdl.co.in



- CIN - L29120PN1974PLC110307

12. Queries on Accounts of the Company, if any, may please be sent to the Company Secretary at the Registered Office of the Company seven (7) days in advance of the Meeting so that the answers may be made available at the Meeting.
13. Members are requested to bring their personal copy of the Annual Report to the Meeting.
14. With a view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.
15. The Annual Report 2016-17 is being sent through electronic mode only to the members whose email addresses are registered with Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2016-17 are being sent by the permitted mode.

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

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

Mr Vikram S Kirloskar (DIN: 00007907) was appointed as a Director on the Board w.e.f. 28th June, 2002. He graduated from Massachusetts Institute of Technology, USA, with a Bachelor degree in Mechanical Engineering. Mr Vikram Kirloskar has been trained at various organizations in India and abroad in different capacities. In this capacity, he was instrumental in setting up successful joint ventures for companies such as Kirloskar Toyota Textile Machinery Private Limited, Toyota Kirloskar Motor Private Limited and Toyota Kirloskar Auto Parts Private Limited. He is also on the Board of several Companies. The Directorship in other companies is as follows:

Name of the Company	Board position held	Committee position held
Kirloskar Proprietary Limited	Director	-
Kirloskar Systems Limited	Chairman and Managing Director	Audit Committee - Member
Quadrant Communications Limited	Director	-
Kirloskar Toyota Textile Machinery Private Limited	Director	-
Toyota Material Handling India Private Limited	Director	-
Kirloskar Technologies Private Limited	Chairman	-
Toyota Kirloskar Motor Private Limited	Vice- Chairman	-
Denso Kirloskar Industries Private Limited	Director	-
Toyota Kirloskar Auto Parts Private Limited	Vice- Chairman	-
VSK Holdings Private Limited	Director	-
Asara Sales and Investments Private Limited	Director	-
VikramGeet Investments and Holdings Private Limited	Director	-
Toyota Industries Engine India Private Limited	Director	-

Mr Vikram S Kirloskar does not hold any shares in the Company as on 31st March, 2017. None of the Directors or Key Managerial Personnel or their relatives other than Mr Vikram S. Kirloskar are concerned or interested, financial or otherwise, in the resolution set out at an Item No. 3.

Registered Office :
Hadapsar Industrial Estate,
Pune 411 013
Date : 9th May, 2017

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



ANNEXURE TO THE NOTICE

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

ITEM NO. 5 OF THE NOTICE

The Board of Directors at their meeting held on 9th May, 2017, based on the recommendation of the Audit Committee, had appointed M/s Sudhir Govind Jog, a proprietary firm of Cost Accountants as Cost Auditors of the Company for auditing the cost records maintained by the Company for the financial year ending on 31st March, 2018 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.

Therefore, the Board of Directors recommend the proposed resolution for your approval.

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.

ITEM NO. 6 OF THE NOTICE

Mr Krishnamurthi Venkataramanan (DIN 00001647) is an Additional Director (Independent Director for the purpose of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) with effect from 23rd July, 2016 till the ensuing Annual General Meeting.

Profile of the Director

Mr Krishnamurthi Venkataramanan is a graduate in Chemical Engineering from IIT Delhi, and a Distinguished Alumni Awardee of IIT Delhi. He joined L&T from the campus and was elevated to the Board of Directors of the Company in May, 1999, and was appointed as Chief Executive Officer and Managing Director from April 1, 2012 to September 30, 2015.

He has wide experience in the international business arena. He has successfully lead the business acquisition and execution of large projects both internationally and domestically.

He is the first Asian to be appointed Chairman of the Board of Directors of the 'Engineering & Construction Risk Institute, Inc.', USA for a two year term ended in May 2010. He is an Honorary Fellow of the Institute of Chemical Engineers (IChemE), UK – the world's most reputed body in chemical engineering space. He is also a Fellow of the Indian Institute of Chemical Engineers.

He has received recognition at both the national and international level. Accolades include the 'Davidson Frame Award' conferred by IPMA, Switzerland, for strengthening the Project Management Profession in India and abroad - 2002. He was honoured with 'Chemtech – Business leader of the Year' Award for plant & machinery – 2005; and the 'Lala Shriram Award for Leadership in Chemical Industry'- 2006. He received the title of IPMA level 'A' Assessor in December 2008 – the second Indian to be so honoured. In May 2011, he was conferred an honorary Doctorate in Project Management by the University of Petroleum and Energy Studies (UPES), Dehradun. In recognition of his monumental contributions to the chemical engineering profession, he was conferred with 'Dr Burjor P Godrej Life Time Achievement Award for 2014' in December 2014 by Indian Institute of Chemical Engineers (IICChE).

He was the Chairman of FICCI Capital Goods Committee and has also chaired the CII Manufacturing Council for 2 consecutive years from 2012-2014.

Currently, he is on the board of following companies:

Name of the Company	Board position held	Committee Position held
L & T Hydrocarbon Engineering Limited	Chairman	Nomination and Remuneration Committee - Member
Nilkamal Limited	Director	-
Vendanta Limited	Director	Corporate Social Responsibility Committee - Member Stakeholders Relationship Committee - Member

Mr Krishnamurthi Venkataramanan ceases to be an Additional Director at the ensuing Annual General Meeting in terms of Section 161 and any other applicable provisions of the Companies Act, 2013, being eligible offers himself for appointment, is proposed to be appointed as an Independent Director for a term of 3 consecutive years upto 26th July, 2020. A notice has been received from a Member proposing Mr Krishnamurthi Venkataramanan as a candidate for the office of the Director of the Company.

In the opinion of the Board, Mr Krishnamurthi Venkataramanan fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively. Copy of the draft letter of appointment of Mr Krishnamurthi Venkataramanan as an Independent Director setting out the terms and conditions would be available for inspection by the Members at the Registered Office of the Company during normal business hours on any working day excluding Saturday.

The Board considers that his continued association would be an immense benefit to the Company and it is desirable to continue to avail services of Mr Krishnamurthi Venkataramanan as an Independent Director. The Board recommends the resolution in relation to the appointment of Mr Krishnamurthi Venkataramanan as an Independent Director, for the approval of the Members of the Company.

Under the Companies Act, 2013, Independent Directors can only receive fees under the provisions of Section 197(5) and profit related commission as may be approved by the Members. Accordingly, approval of Members is also being sought for the purposes of payment of fees and profit related commission, which amounts may be decided by the Board / Nomination and Remuneration Committee, from time to time subject to the limit prescribed under the Companies Act, 2013 and as may be prescribed under the rules that are passed or may be passed from time to time.

Currently, Mr Krishnamurthi Venkataramanan does not hold any shares in the Company.

Mr Krishnamurthi Venkataramanan is not related to any other director on the Board of the Company.

None of the Directors or Key Managerial Personnel or their relatives other than Mr Krishnamurthi Venkataramanan are concerned or interested, financial or otherwise, in the resolution set out at an Item No. 6. This explanatory statement may also be regarded as disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Registered Office :
Hadapsar Industrial Estate,
Pune 411 013
Date : 9th May, 2017

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