



Expand. Emerge. Evolve.

Annual Report 2025-2026

www.krnheatexchanger.com



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Please find our online version at
[https://karnheatexchanger.com/
annual-report](https://karnheatexchanger.com/annual-report)
or Simply scan the QR code to
view our previous years report

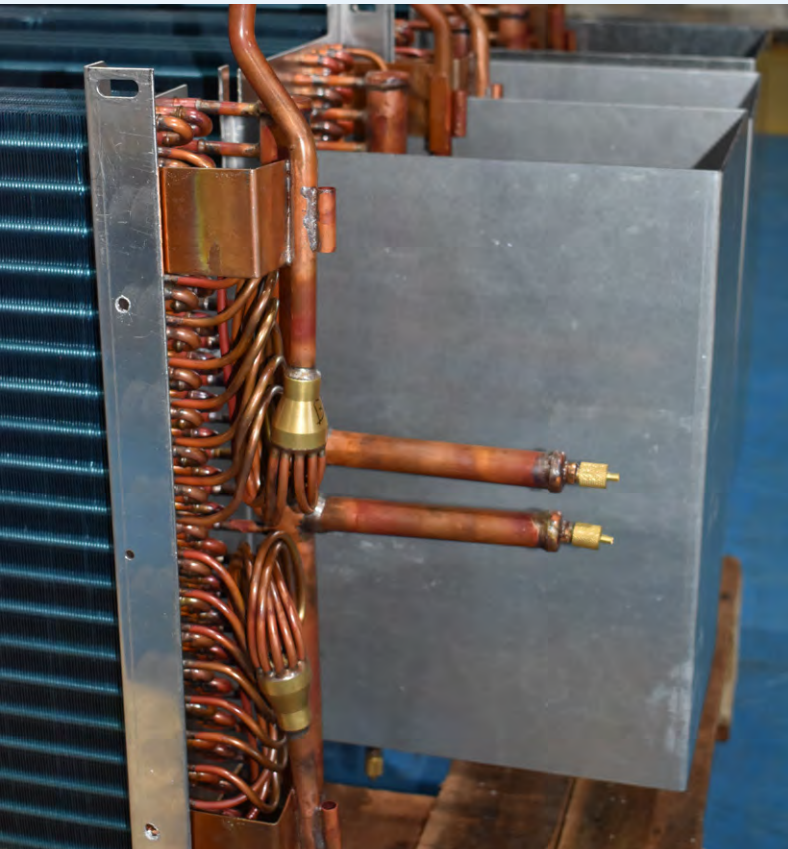


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Forward looking statements

Some information in this report may contain forward looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. We undertake no obligation to update or revise any forward looking statement, whether as a result of new information, future events, or otherwise. The usage of the acronym 'OEL' has been made for the purpose of addressing Orient Electric Limited, across the chapters.



Expand. Emerge. Evolve.

This year, we chose three simple words to tell the story of KRN: Expand. Emerge. Evolve. They are not just a theme for this annual report; they are the way we think, act, and grow. Every milestone in FY 2025-26 fits into this story—from new capacity and markets to new technologies and governance standards.

For our shareholders, investors, customers, and partners, we want this report to be more than numbers. We want it to be a clear narrative of how KRN has moved from a strong domestic manufacturer to a global thermal engineering platform ready for the next decade of growth.

In the world of cooling, progress is measured not in degrees, but in distance. How far can an idea travel? How wide can a vision stretch? How deeply can trust take root? At KRN, this year was about answering those questions with action.

Expand is the arc of our growth. It is the factory floor that breathed wider, the test bench that reached further, the map that stretched across new continents and segments. We removed the physical constraints that once limited us and now design, build, and deliver thermal solutions at a scale that matches global demand. For investors, “Expand” signals that KRN is no longer constrained by space or capacity; we now



have the backbone to undertake large, multi-year contracts.

Emerge is the transformation of our identity. From a reliable supplier of heat exchangers and condensers to a technology and quality leader recognised by the world's largest brands. R&D, certifications, and customer recognition have turned trust into proof. We are no longer competing only on price or delivery; we are competing on engineering depth, quality systems, and brand trust.

Evolve is the direction of our future. It is the belief that growth must be responsible, that engineering must be sustainable,

and that value must be shared. Through our ICE strategy—Innovation, Community, Environment—we are building solutions that cool efficiently and leave a lighter footprint, while reshaping our business model to serve customers faster and more closely.

KRN has moved from “growing well” to “growing structurally.” Expand. Emerge. Evolve. is not just a slogan; it is our promise to build, innovate, and improve—not for a single year, but for the next decade.

About the Report

This report serves as our primary communication channel, offering a detailed overview of KRN Heat Exchanger and Refrigeration Limited's strategic vision, operating metrics, and long-term value creation roadmap. Aligned with our core principles of expanding, emerging, and evolving, this document highlights our commitment to absolute operational transparency, high-precision manufacturing, and sustainable global growth.

As a leading voice in the HVAC&R industry, we recognize that true leadership extends far beyond the factory floor. This report demonstrates how we actively translate corporate vision into measurable, high-impact outcomes—bridging the gap between cutting-edge technological innovation and responsible environmental stewardship. Through thorough data disclosures, we outline our journey of scaling production capacities, deepening our engineering expertise, and entering new market sectors while maintaining the highest standards of corporate governance and integrity.

Furthermore, the document outlines our systematic approach to navigating shifting macroeconomic cycles, optimizing our capital allocation, and strengthening long-term partnerships across our entire value chain. By balancing concrete quantitative milestones with deep qualitative transformations, this report presents an authentic narrative of how KRN is actively engineering the critical thermal management infrastructure required to meet the demanding cooling and refrigeration needs of tomorrow.



Basis and Scope of Reporting

This report outlines the financial and non financial milestones of KRN for the financial year beginning April 1, 2025, and ending March 31, 2026. The financial data and performance statements presented herein have been prepared in strict accordance with the Indian Accounting Standards (Ind AS), the Companies Act, 2013, and the Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements regulations. Beyond financial disclosures, the report encapsulates our strategic priorities, risk management frameworks, operational highlights, and our evolving environment, social, and governance (ESG) practices.



Reporting Boundary

The reporting boundary for this document is consolidated. It encompasses the entire operational footprint, financial outcomes, and strategic initiatives of KRN Heat Exchanger and Refrigeration Limited alongside its consolidated subsidiaries. All operational milestones, financial metrics, and resource utilization details are presented on a consolidated basis unless explicitly stated otherwise. This boundary ensures a holistic view of how we utilise our assets and capitals to deliver scalable growth across all market segments.



Target Audience

This report is mapped and curated for our diverse stakeholder ecosystem. It is intended for our shareholders, institutional investors, financial analysts, supply chain partners, global customers, employees, regulatory authorities, and the community at large. Through this document, we aim to deliver a clear, uncompromised insight into how we execute our strategic vision to generate long term value for everyone connected to the KRN ecosystem.



Forward Looking Statements

Certain statements in this Annual Report regarding our future growth prospects, market positioning, anticipated capacity expansions, and operational roadmaps may constitute forward looking statements. These statements involve inherent risks, systemic uncertainties, and strategic assumptions that could cause actual results to differ materially from those projected or implied. Factors influencing these outcomes include macro economic shifts, fluctuations in raw material and commodity pricing, evolving environmental regulations, disruptive technological advancements, and competitive dynamics within the global HVAC&R industry. KRN does not assume any obligation to publicly update or revise these forward looking statements to reflect subsequent events or unforeseen circumstances. Stakeholders are advised to exercise independent judgment and caution when assessing these statements.

The KRN Story

KRN Heat Exchanger and Refrigeration Limited is a leading manufacturer of high precision thermal management solutions. We offer customized, high performance heating, ventilation, air conditioning, and refrigeration components through a dedicated R&D center and 3 advanced manufacturing facilities located across a single centralized campus in Neemrana, Rajasthan, India. With a robust annual output across our product lines, the Company stands as a vital backbone for critical cooling architectures worldwide.

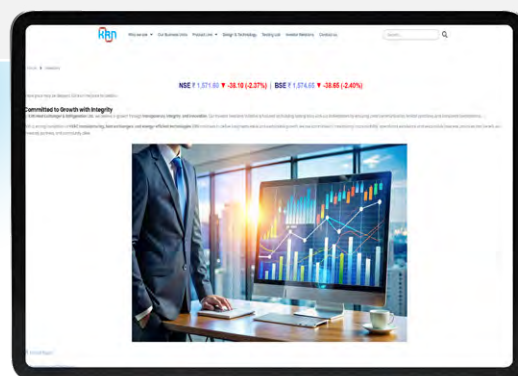
We are the preferred partner for premier domestic and global brands across different industry segments, including Data Centers, Railways, Power Generation, Smart Climate Control, and Commercial HVAC. Our portfolio spans specialized Fin & Tube Heat Exchangers, Bar & Plate, Complete HVAC Systems, Railway, Bus AC Systems, Refrigeration Components, Technical Tubes, Sheet Metal Parts, and Tubings. Every product offers high durability, anti corrosive protection, and optimal energy efficiency to meet the evolving technical specifications of global markets, serving 200+ customers across 19 countries.

Our commitment anchors our approach as we continue to innovate across materials, precision engineering, and specialized manufacturing processes. Through our Thermotech Research Laboratory, we continuously advance our proprietary engineering and technical coatings, reflecting our persistent commitment to quality and product excellence backed by international standards IMS (ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018) for manufacturing excellence.

Sustainability is a core aspect of our operations. We focus intentionally on resource efficiency, process optimization, and the development of next generation thermal infrastructure. At KRN, sustainability is a fundamental responsibility embedded in every product we manufacture and every solution we deliver. As a premier provider of high-efficiency heat exchangers and advanced HVAC&R systems, we guide our environmental and social stewardship through our comprehensive ICE Strategy, which anchors our operations across three critical corporate pillars: Innovation, Community, and Environment.

Our people remain our greatest asset. With 1500+ highly skilled and dedicated workforce, we are building a diverse, inclusive, and future ready organization. Our teams drive our daily manufacturing excellence, fostering a workplace culture anchored on continuous learning and absolute operational safety.

Innovation drives us. Engineering empowers us. Reliability defines our commitment. With purpose as our guide and progress as our aim, we continue to lead the thermal management and refrigeration industry.



To know more, kindly visit:

 www.krnheatexchanger.com



Our Ethos

OUR VISION

Our vision is to become a globally recognized leader in thermal engineering solutions by consistently delivering innovation, quality, and sustainability.

OUR MISSION

Our mission is to design and manufacture high-performance, energy-efficient, and customized thermal solutions that meet global standards and consistently exceed customer expectations.

OUR VALUES

Our values define who we are and guide every decision we make. They are the foundation of our commitment to excellence and customer satisfaction.



A Word from Our Founder & CMD



Dear Shareholders,

As we reflect on the milestones of FY 2025-26, I am incredibly proud to look back on a period of true operational breakthroughs and structural expansion at KRN Heat Exchanger and Refrigeration Limited. This year, our success was defined not just by what we achieved, but by the complex global landscape we successfully navigated. The broader manufacturing sector faced notable macro headwinds, ranging from fluctuating raw material inputs to shifting regulatory environments.

Rather than adopting a defensive posture, KRN chose to deliberately accelerate out of these challenges. We mitigated external volatility by expanding our advanced production infrastructure, adopting new automation pathways, and diving deeper into high-growth international markets.

Central to weathering these global pressures was our unwavering commitment to sustainability and resource efficiency. Through the rigorous execution of our ICE (Innovation, Community, and Environment) framework, we turned operational challenges into resource victories, achieving a substantial 25,611 GJ in energy savings and implementing rainwater harvesting setup to insulate our operations from environmental and resource strains. By fortifying our internal ecosystem, we emerged from these macro headwinds stronger, more agile, and firmly established as a preferred global partner for critical thermal management solutions.

Financial Triumph & Strategic Capital

The distance we have traveled this year establishes an exceptionally robust foundation. On a consolidated basis,

our consolidated revenue reached ₹609.81 crore in FY 2025-26, marking a stellar 38.06% growth compared to FY 2024-25. This rapid, top-line trajectory ensures we are completely ready to drive sustainable value for our stakeholders in the years ahead.

Demonstrating profound global investor trust amidst a selective market, we successfully closed a ₹350 crore Qualified Institutional Placement (QIP) in mid-2026. The placement drew heavy backing from elite domestic and international institutional investors, including the Abu Dhabi Investment Authority (ADIA). This successful QIP provides us with the financial strength to fully fund our next phase of multi-fold capacity expansion and meet our growing operational working capital demands.

Breaking Physical Constraints: Neemrana & KRNSPH

Our commitment to market leadership is driven by a structural leap in our production capabilities. Through our wholly-owned subsidiary, KRN HVAC Products Private Limited (KRNSPH), we have scaled our operational footprint to meet growing global and domestic demands.



At the heart of our strategy remains our advanced tech ecosystem and the Thermotech Research Laboratory. These assets turn customer trust into concrete proof. Our products undergo stringent quality checks and adhere to world-class industry accreditations for manufacturing excellence.

The cornerstone of this expansion is our new, world-class manufacturing facility in Neemrana, Rajasthan. This state-of-the-art plant removes the physical constraints that once limited us, unlocking a massive six-fold capacity expansion to target a scaled total production capacity of over 6 million units annually. This physical runway guarantees that space will never limit our progress as we mass-produce next-generation thermal architectures, expand our specialized joint-venture product lines, and fulfill large-scale global supply contracts.

Engineering Precision & Forward Integration

At the heart of our strategy remains our advanced tech ecosystem and the Thermotech Research Laboratory. These assets turn customer trust into concrete proof. Our products undergo stringent quality checks and adhere to world-class industry accreditations for manufacturing excellence.

These technical capabilities and regulatory milestones have opened massive new avenues in high-growth sectors like smart climate control, defense cooling, heavy infrastructure, and transport applications. By venturing into specialized subsystems and direct delivery channels through intentional forward integration, we are gaining greater control over project execution and customer engagement. This initiative does more than just enhance our brand visibility—it allows us to reshape our business model to serve customers faster, improve operational efficiency, and strengthen KRN's position across the entire HVAC&R value chain.

Looking ahead, our diversified customer base across vital end-use segments and our rapidly expanding

₹ 600.06 crore

Revenue from operations in
FY 2025-26

₹ 350 crore

Qualified Institutional
Placement (QIP) in mid-2026

production footprint position us perfectly to scale new frontiers. With upcoming product lines and optimized capacities, we have the backbone required to undertake large, multi-year contracts and capture the next generation of global market demand.

I extend my sincerest gratitude to our dedicated employees, whose hard work, alignment, and commitment are the true driving force behind our success. We are equally thankful to our valued shareholders, customers, suppliers, and all stakeholders for your continued trust and support. Together, we will continue to remove boundaries and sustain absolute engineering excellence, driving KRN toward a future defined by innovation, resilience, and shared success.

Warm Regards,

Santosh Kumar Yadav
Chairman and Managing Director

FY 2025-26 at a Glance



1,500+

Skilled workforce



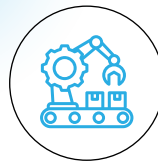
18+

Awards & recognitions



19 Countries served

200+ Customers globally



3

State-of the art Manufacturing facility



10+

Global standards and certifications



100%

Employees Received Training on
Human Rights

**1**

Dedicated R&D center

**₹609.81 crore**

Revenue

▲ 38.06% YoY growth

**₹112.48 crore**

EBITDA

▲ 59.52% YoY growth

**₹76.47 crore**

Net Profit

▲ 44.62% YoY growth

**13.32 %**

ROE

**12.30**

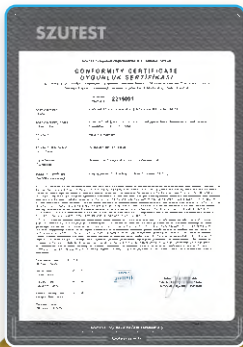
EPS

▲ 26.15% YoY growth

Recognised for Excellence



Quality & Compliance Certifications



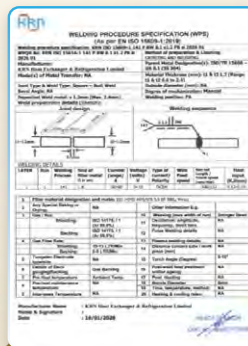
CE Certificate KRn Heat



IMS Certificate
KRn Groups



Zed Silver
Certificate



EN ISO 15609 1:2019



ISO 9606 1:2017



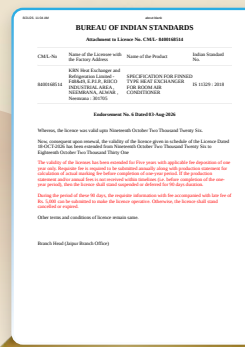
BS EN ISO 13134



BS EN ISO 13535



UL Certificate of
Compliance (UL 207,
Edition 9)



IS 11329 : 2018

Recognition from Global Industry Leaders

**2025****Dare to Disrupt
(Innovation & Tech)**

Recognizes innovative thinking, advanced technological adoption, and continued excellence in supporting business growth and customer satisfaction.

**2024****Best Supplier – Heat Exchanger**

Awarded in recognition of consistent excellence in product quality, delivery performance, technical capability, and overall contribution as a trusted heat exchanger supplier.

**2023****Dare to Disrupt
(Innovation & Tech)**

In recognition of continued support in business association and customer satisfaction

**2023****Quality Excellence Award**

For recognition of our commitment to deliver quality material constantly and recognizes our excellence in this regard

**2022****Participation and Continuous
support award**

For recognition of our commitment to deliver quality material constantly

**2021**

For contributing with extraordinary supply support during situations such as a pandemic.

A Decade of Building – Milestones

2017

- Incorporated as a private limited company in Rajasthan.
- Set up our first plant specializing in HVAC&R fin and tube heat exchangers.



2018

- Completed machinery installation and commenced commercial production.
- Achieved ISO 9001:2015 certification for quality management.
- Secured initial major OEM clients, building market credibility.



2019

- Entered global markets by launching our export operations.

2020

- Expanded our total manufacturing footprint to 7,800 sq. meters.
- Installed advanced Helium Leak testing and NCT Punching machinery.
- Built a dedicated facility with EOT cranes for large-scale heat exchangers.
- Obtained IS 11329:2018 BIS certification.



2021

- Launched new production lines for compact 5mm tube diameter heat exchangers.
- Obtained key environmental and operational clearances for expansion



2022

- Added production lines for larger tube sizes designed for AHU applications.
- Acquired European CE certification to expand international access.
- Registered with Joint DGFT to streamline global export operations.

2023

- Converted into a public limited company and adopted our current name.
- Incorporated our wholly-owned subsidiary, KRN HVAC Products Pvt. Ltd.
- Secured regulatory approvals and fire safety clearances for plant expansions.

2024

- Completed our IPO and listed on the BSE and NSE.
- Obtained subsidiary factory licenses and began land acquisition for a new plant.
- Received a Certificate of Appreciation from Daikin for industry excellence.



2025

- Commissioned our new, advanced manufacturing facility in Kolila, Neemrana.
- Secured vendor approval from Indian Railways to supply Oil Cooler Radiators.
- Launched the Thermotech Research Laboratory for next-gen testing and training.
- Diversified into transport and mobility by acquiring the Bus Air-Conditioning division of Sphere Refrigeration Systems.

2026

- Expanded our core workforce to over 1,500 employees to support scale.
- Operationalized subsidiary manufacturing capabilities for transport, railway, and heavy equipment cooling.
- Maximized global footprint across the North America, Europe and UAE.
- Gained global investor trust by successfully closing a ₹ 350 crore QIP for Working Capital.



Our Value Creation Model

Input

Financial Capital

KRN leverages its pool of monetary resources and equity base to fund strategic expansion, drive capacity additions, and maintain strong balance sheet liquidity.

₹ 573.99 crore
Net worth

0.33
Debt to Equity

₹ 350 crore
QIP

Manufacturing Capital

KRN utilises its physical production assets and specialized plant infrastructure to convert raw materials into precision-engineered thermal management systems.

3 State of the art
manufacturing facilities

1 Integrated
Bus AC manufacturing facility

Intellectual Capital

The Company's competitive edge through proprietary technical expertise, dedicated research and development, and globally recognized product quality certifications.

1
dedicated
R&D facility

**State of the
art Testing
infrastructure**

45+
R&D team
size

10+
global certifications
and standards

Human Capital

The company relies on the collective skills, safety, and continuous technical training of its workforce to ensure operational excellence and manufacturing precision.

1,500+
employee strength

100%
trainings received on human rights

Social and Relationship Capital

KRN fosters stakeholder trust and community goodwill through transparent corporate governance, active social welfare initiatives, and ethical engagement.

₹ 118.19 Lakh
CSR amount Spend During FY 2025-26

Natural Capital

The company minimises its environmental impact by integrating sustainable water management, waste recycling, and eco-friendly standards across its operational sites.

**What was
the capex
on STP ?**

100%
Krn's Sites are Certified with IMS (ISO
9001:2015, ISO 14001:2015, and ISO 45001:2018)

Value Creation Process

Quality policy



EHS Policy

Prioritises Environmental, Health, and Safety excellence through resource conservation, waste reduction, pollution prevention, and full personnel participation for workplace safety



Quality Assurance

Implements periodic surprise shop-floor inspections and Kaizen methodologies to continuously refine processes and maintain zero-defect standards



Training Session

Conducts regular workforce skill-building programs and expert-led guest seminars to cultivate learning and sustain a strong, engaged work culture

KRN's Core strengths



Comprehensive Portfolio

Offers 6 complete thermal and HVAC&R product categories under a single roof



Customisation Expertise

Engineers bespoke materials, dimensions, and performance profiles to exact client specifications



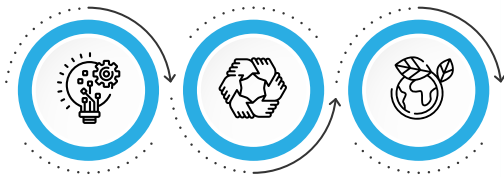
Global Quality Standards

Maintains ISO, CE, UL-207, and BIS certifications for seamless OEM compliance

Output

SDGs impact

Sustainability Strategy (ICE)

**Innovation**

Drives smart engineering through high-efficiency designs, research into energy optimization, low-GWP refrigerant support, and automated system controls

Community

Prioritises workforce safety and well-being while fostering growth through skills development, diversity and inclusion, and local social engagement

Environment

Embeds environmental stewardship across operations by reducing carbon emissions, minimising waste, recycling materials, and maintaining ISO 14001 compliance

**Innovation & Technology**

Drives technical advancement through state-of-the-art automated plants and dedicated R&D facilities

**Sustainability**

Advances environmental stewardship through energy-efficient designs and reduced refrigerant usage

**Reliability**

Delivers consistent global execution, trusted by over 200 customers worldwide

Financial Capital

- 609.81 crore revenue
- 76.47 PAT
- 12.30 EPS

Manufacturing Capital

- 1 new industry segment (Bus AC)
- 200+ customers
- 19 countries global presence

Intellectual Capital

- Optimised manufacturing
- Improved energy efficiency
- Low-GWP Refrigerant testing
- Reduced material usage
- Customer satisfaction

Human Capital

- Enhanced productivity
- Skilled workforce
- Improved efficiency

Social and Relationship Capital

- Positive community impact
- Building trust amongst stakeholder
- Long-term relationship with OEMs, vendors and employees

Natural Capital

- ~13% Renewable energy consumption from solar



Materiality Assessment

As part of the annual assessment of responsible business conduct and sustainability performance, KRN undertook an internal materiality assessment to identify the environmental, social, and governance issues most relevant to its business. Issues were reviewed based on their potential impact on internal stakeholders, such as employees and management, as well as external stakeholders, such as customers, suppliers, and the communities and regulatory environment in which KRN operates. Issues assessed as having a meaningful bearing on these stakeholder groups were prioritised and classified as material topics under the Environment, Social, and Governance categories, and are summarised below along with the primary rationale for their inclusion.



Note: Detailed materiality assessment table is provided within the BRSR report section.

Stakeholder Engagement

KRN identifies its key stakeholder groups through a structured assessment of the company's business operations, supply chain, and industry ecosystem. This involves analysing interactions across functions such as production, procurement, sales, compliance, and community engagement, and mapping stakeholders based on their influence on, and impact from, the organisation's activities. This includes internal stakeholders such as employees and management, as well as external stakeholders such as customers, suppliers, regulatory bodies, export partners, and the local community.

Key Stakeholder Groups and Engagement



Customers



Purpose and Scope of Engagement

Delivering safe, high-quality products with innovation and responsive service, while engaging on feedback and demand insights to drive continuous improvement.



Employees



Purpose and Scope of Engagement

Providing competitive pay, a safe and inclusive workplace, and growth opportunities, while fostering transparency, ethics, and collaboration.



Value Chain Partners



Purpose and Scope of Engagement

Building transparent, ethical, and sustainable supplier partnerships focused on quality, timely delivery, mutual growth, and compliance.



Investors and Shareholders



Purpose and Scope of Engagement

Delivering financial returns, transparent governance, effective risk management, and long-term value with measurable ESG progress.



Government and Regulatory Authorities



Purpose and Scope of Engagement

Ensuring legal and ethical compliance and transparent reporting, while engaging in policy dialogues that foster fair regulation and business growth.



Local Community



Purpose and Scope of Engagement

Driving local development through sustainable livelihoods, community initiatives, and collaboration with stakeholders to foster inclusive growth.

Frequency of Engagement



Continuous



Periodic



Need-based



Annually



Quarterly



Event-based



As per need

Note: Detailed materiality assessment table is provided within the BRSR report section.

Made Here. Trusted Globally

Our long-term commercial momentum in high-growth international markets is anchored by a structural shift in our manufacturing footprint and cutting-edge engineering capabilities. Managed through our wholly-owned subsidiary, KRN HVAC Products Private Limited, we have successfully operationalised our state-of-the-art facility spanning roughly 700,000 square feet in Neemrana, Rajasthan. This advanced industrial footprint scales our absolute production runway to an impressive total capacity of approximately over 6 million units per annum.

Our accelerating international business serves as a powerful validation of our corporate philosophy of being engineered locally and trusted everywhere. This structural expansion is underpinned by an established export

footprint that spans 19 countries, highlighting KRN's ability to meet the most selective technical standards of major global economies. By building deep technical relationships, we have expanded our client portfolio to actively serve more than 200 customers globally, including prominent original equipment manufacturers and critical industry leaders. The commercial success of these partnerships is clearly reflected in our financial mix, with approximately 17% of our consolidated revenue from operations now generated directly from international exports. This structural diversification across multiple geographic borders provides us with an effective hedge against regional market cyclicality, confidently anchoring our next phase of global growth.

19

Countries

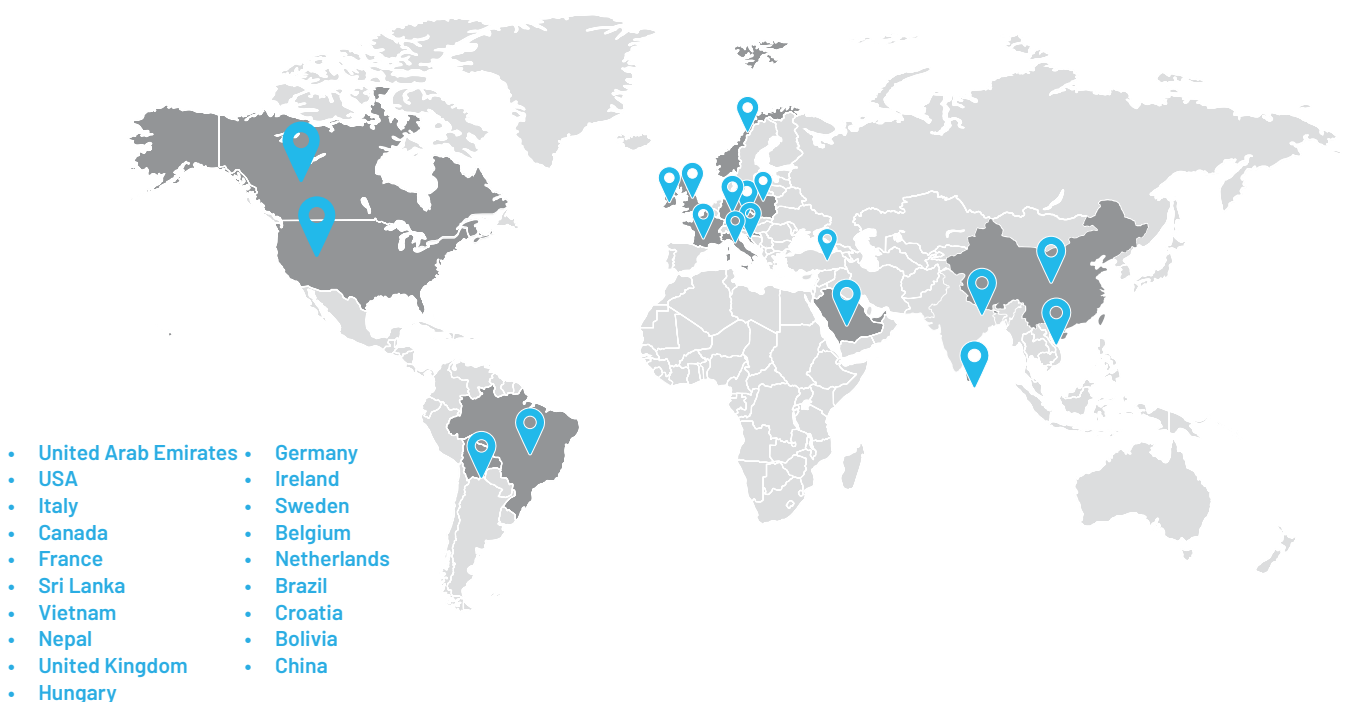
200+

Customers globally

~17%

Revenue from exports

Expanding Global Footprint



**Map not to be Scaled*

Business Excellence

Manufacturing Excellence: Powering Global Cooling Solutions

At KRN Heat Exchanger and Refrigeration Limited (The Company), manufacturing excellence is the core of everything we do. We design and build high-performance, energy-efficient thermal solutions that meet strict global standards. Over the years, we have transformed our business from a single factory in Neemrana into a globally certified production powerhouse trusted by more than 200 world-class customers.

Our operations are built for high efficiency, complete precision, and long-term product durability. Today, The Company manages a highly diversified portfolio across 9 distinct product categories. This wide footprint serves 19 different end-use application industries, ranging from data centres and commercial buildings to railways, public transport, and heavy industrial cooling systems. KRN has also established 6 strategically located service centers to strengthen customer support and ensure timely, reliable service. By keeping our production standards world-class, we continue to drive India's cooling revolution while expanding our commercial footprint across 19 countries, including major markets like the North America, Europe, UAE and Canada.



Expanding Our Scale: The Power of Plant II

Growth requires scale, and our infrastructure roadmap is built to support our rising market demand. Our existing manufacturing facility (Plant I) in the RIICO Industrial Area at Neemrana, Rajasthan, covers 100,000 square feet. In FY 2025-26, Plant I operated at a very high capacity utilisation rate, reaching 84.00% for evaporator and condenser coils, 84.53% for copper headers, and 85.77% for sheet metal components.

To clear the path for future growth, The Company reached a major milestone by inaugurating our state-of-the-art Plant II under our wholly-owned subsidiary, KRN HVAC Products Private Limited. This new plant is an operational giant:





New Frontiers: Fully Integrated Bus AC Capability and Data centers

The standout operational highlight of the year was our strategic expansion into the transport mobility sector. Through a calculated asset-and-team acquisition in the second quarter of FY 2025-26, The Company absorbed the bus air-conditioning division of Sphere Refrigeration Systems. This transaction did not just add assets; it brought in deep technical know-how, critical intellectual property, and a highly experienced operating team.

This move completely changes our market position. We have evolved from being a trusted component supplier into a fully integrated system assembler for the massive ₹1,000 Cr+ pan-India bus air-conditioning market.

Our commercial integration roadmap for the bus segment is clear and aggressive: We successfully added 10 to 15 new bus AC customers, commenced commercial supply to our first major OEM, and signed a strict non-disclosure agreement (NDA) with a primary anchor customer in FY 2026-27.



Advanced Design, Testing and Engineering Excellence

At KRN Heat Exchanger and Refrigeration Limited, manufacturing, design, and testing are integrated into a single, closed-loop platform engineered for absolute reliability across data centers, railways, transport mobility, and heavy industrial cooling systems. The engineering pipeline begins with proprietary selection software that calculates precise fluid dynamics, pressure drops, and thermal efficiency for specific end-use applications. Using 3D CAD modeling, designs are geometrically tailored to fit client-specific spatial footprints and optimized for eco-friendly, next-generation refrigerants like R32, R454B, and R290 through micro-grooved tube configurations.

Every product manufactured by The Company must deliver absolute reliability in the field. We achieve this through our world-class Thermotech Research Laboratory (TRL), a state-of-the-art testing facility built to comply with strict global industry benchmarks. Our laboratory features 15+ advanced test systems.



Psychrometric Testing Facility

At the heart of our validation infrastructure is our comprehensive psychrometric facility, which simulates extreme environmental conditions to verify heat exchanger performance:

	Indoor Temperature	5°C to +50°C
	Outdoor Temperature	-20°C to +60°C
	Relative Humidity	30% to 95% RH
	Airflow Testing Range	150 to 16,000 CFM
	Total Testing Capacity	Up to 55 TR



Advanced Validation Technologies

To ensure zero defects on the factory floor, our quality teams employ a rigorous suite of advanced non-destructive testing (NDT) and precision measurement technologies including but not limited to:



Helium Leak Testing:

Uses dedicated vacuum chambers to conduct coarse and fine leak detection with unmatched measurement accuracy



Endurance & Safety Testing:

Includes burst pressure testing for structural safety validation, pressure cycle testing for long-term joint reliability, and salt spray testing for advanced corrosion resistance



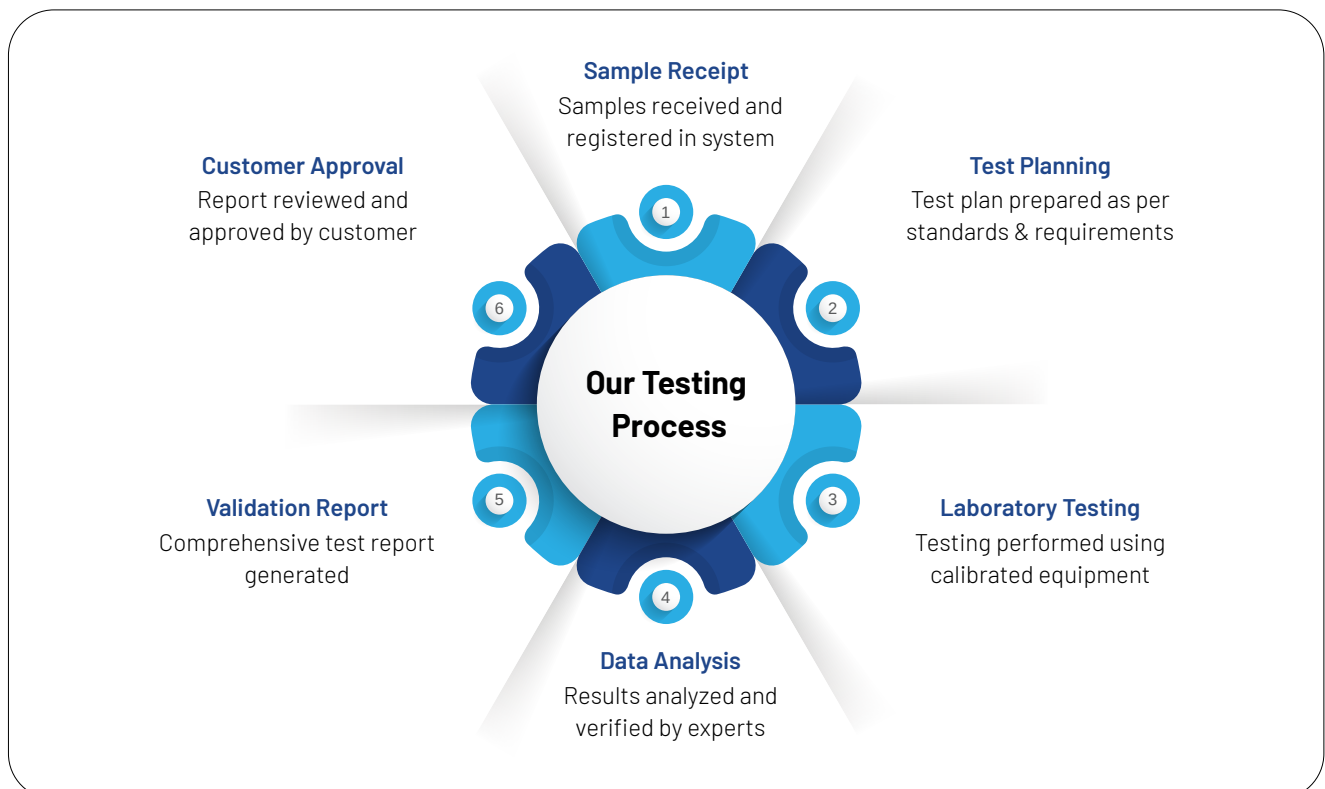
Contamination Analysis:

Verifies internal cleanliness through detailed particle and oil contamination checks



Precision Metrology:

Utilises Video Measuring Systems (VMS), Eddy Current Inspection for surface defects, and Universal Testing Machines (UTM) to verify material tensile strength



For detailed testing facilities visit our website: <https://krnheatexchanger.com/testing-lab/>

Our Product Range



9 Product categories



19 End use application



10+ Certifications and safety standards

At KRN Heat Exchanger & Refrigeration Limited, we offer a comprehensive and versatile range of heat exchange and cooling products engineered to address evolving global industry demands. Over the years, the company has established itself as a preferred partner for global Heating, Ventilation, Air Conditioning, and Refrigeration (HVAC&R) OEMs and industrial clients across 9 distinct product categories and 19 end-use application sectors. Through continuous design innovation, precision engineering, and strict quality control, KRN delivers superior thermal performance and long-lasting operational reliability across both domestic and international markets.

Our product range is backed by core operational strengths designed to meet demanding client requirements. We offer high flexibility with solutions tailored to specific customer needs, ensuring seamless integration across diverse applications. To support efficient project planning, standard delivery is guaranteed within four weeks, excluding shipping transit times. Clients benefit from more than two decades of dedicated industry experience and deep design expertise to enhance their technical endeavors. Furthermore, strict adherence to quality and safety standards is guaranteed, featuring UL-approved coils that comply with rigorous international safety benchmarks.

Main Product Category	Key End Uses
Fin & Tube	HVAC, Data Centres, Refrigeration, Industrial Cooling, Automotive / OEM, Marine & Offshore, Industrial Process, Commercial Buildings, Cold Chain / Food
Bar & Plate	Automotive, Railways, Aerospace, Agriculture, Mining, Power Generation, Marine & Offshore, Industrial Process
Refrigerator Components	Refrigeration, Cold Storage, Water Coolers, Household Refrigeration, Industrial Process, Commercial Buildings, Cold Chain / Food
Complete HVAC System	Commercial HVAC, Industrial HVAC, Process Applications, Power, Data Centers
Railway	Railways & Transport
Bus AC	Buses / Public Transport, Automotive / OEM, Defence & Aerospace
Child Parts	
Technical Tubes	HVAC, Refrigeration, Heat Exchangers, Industrial Applications
Sheet Metal	HVAC, Refrigeration, Industrial Equipment
Tubings	HVAC, Refrigeration, Heat Exchangers, Industrial Piping

Note: The use cases presented above are indicative and not exhaustive, with broader applications across diverse requirements.



KRN's core product portfolio encompasses



Fin & Tube



Bar & Plate



**Refrigeration
Components**



Complete HVAC systems



Railway



Bus AC

Unlocking new segment: Bus AC

Expanding beyond component manufacturing, KRN's strategic acquisition of the Bus AC division from Sphere Refrigeration Systems in FY26 positions the company as a full system assembler for electric bus air conditioners, conventional transport AC units, and EV battery cooling loops. For household and commercial cooling, the company supplies frost-free evaporators, roll bond evaporators, skin condensers, blast freezers, and multi-compressor rack systems. Additionally, in-house technical tubing capabilities produce grooved finned tubes, U-bends, and headers ranging from 3 mm to 101.6 mm outer diameter, alongside custom CNC-fabricated sheet metal enclosures.



Built on Trust: The KRN Way

70

New customers in FY 2025-26

10+

New segment customers

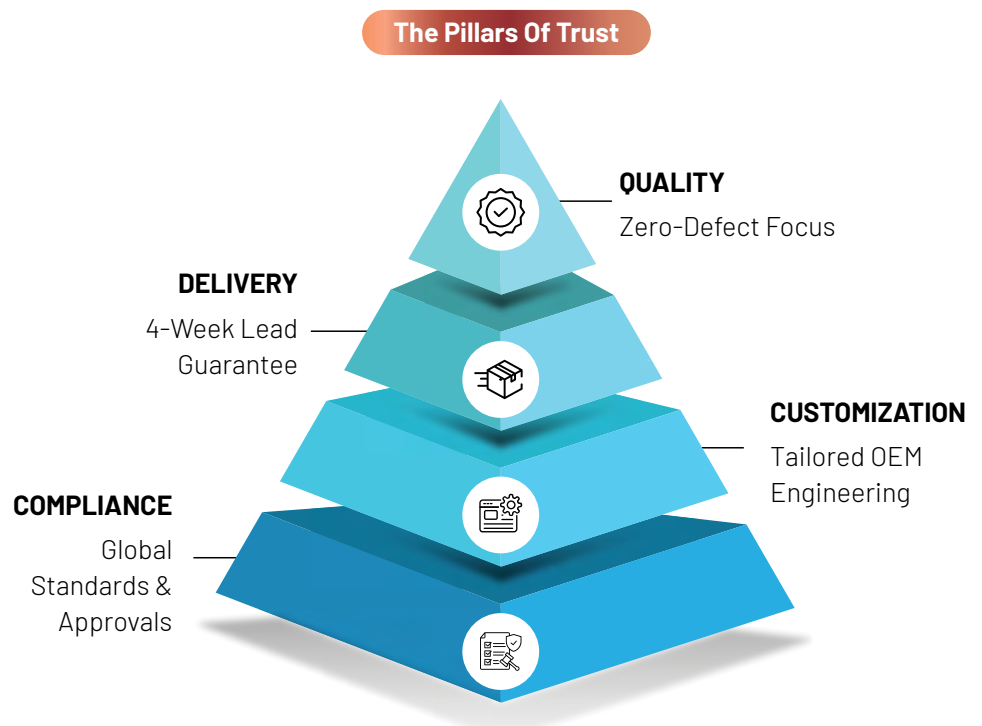
The Company maintains a 4-week standard delivery turnaround, KRN added over 70 new customers in FY26 and exported to 19 countries worldwide, generating ₹99 Crore in overseas revenue. Looking forward, the new KRN HVAC Products facility inaugurated in May 2025 positioning the product portfolio to drive sustained long-term global growth.

Strategic Growth & Long-Term Partner Focus

KRN's growth across commercial HVAC, data center thermal management, rail transit, and cold-chain sectors reflects our commitment to customer satisfaction. Whether delivering large-scale dry cooler systems for mission-critical data center infrastructure or expanding into integrated bus air conditioning units, KRN remains dedicated to its founding principle: **Engineering Efficiency, Delivering Quality, and Building Partnerships Built on Trust.**

Trust is the foundational pillar upon which KRN Heat Exchanger & Refrigeration Limited has built its business ecosystem. In an industry where thermal efficiency, precision engineering, and component reliability directly govern continuous operational performance, trust is earned through execution, product quality, and a customer-first approach. Over the years, KRN has grown from its initial manufacturing roots into a thermal engineering partner serving over 200 leading customers worldwide.

Our operational strategy aligns every function - from early conceptual design and raw material sourcing to automated assembly, high-level quality validation, and global dispatch, with the business outcomes of our clients. By treating client success as our primary metric, KRN has built long-standing relationships with HVAC&R industry leaders, expanding its client base by over 70 new customers in FY26 while maintaining multi-year partnerships across domestic and international markets.



Quality Policy

We are committed to produce consistent quality products at competitive price to meet our esteemed customer's satisfaction by adopting systematic approach to excellence teamwork, motivation, training, and involvement of our employees in accordance with quality management standards for its continual improvements.

We adhere to the same by following core values:



Driven by a customer-first Quality Policy, the company is committed to producing consistently high-quality products at competitive prices through teamwork, employee motivation, and strict adherence to international quality management standards. Rather than treating quality as a static goal, KRN embeds it into daily habits by following the Kaizen philosophy of continuous process improvement and conducting periodic surprise inspections of parts and finished assemblies directly on the shop floor. Complementing this commitment, KRN's Environmental, Health, and Safety (EHS) Policy prioritizes worker well-being and environmental responsibility by actively conserving resources, reducing waste, preventing pollution, and fostering a safe, healthy workplace through the collective participation of all personnel and business associates. Furthermore, recognizing that long-term operational success relies on a skilled and engaged workforce, KRN places a strong emphasis on constant learning by organizing structured internal training sessions and hosting expert-led technical seminars, thereby sustaining a positive work culture and ensuring high operational standards across all levels of the organization.

Delivery Reliability & 4-Week Standard Turnaround

In fast-paced manufacturing, transport, and infrastructure projects, schedule reliability is vital. KRN addresses time-to-market demands by maintaining a guaranteed standard production lead time of 4 weeks (excluding transit time) for standard orders.

This turnaround is enabled by in-house vertical integration. By handling tube grooving, fin punching, header fabrication, sheet metal casing, and surface coating within our own facilities, KRN minimizes dependence on third-party supply chains, allowing clients to maintain predictable project schedules.



Sustainability at KRN

100%

ISO 14001:2015, ISO 45001:2018 and ISO 9001:2015 certified plants

~13%

Renewable energy consumption from solar

100%

Employees received training on health & safety

At KRN Heat Exchanger & Refrigeration Limited, sustainability is not a mere industry buzzword: it is a core operational commitment embedded within every product engineered and every manufacturing solution delivered. As a leading thermal engineering specialist, KRN focuses on designing high-performance heat exchangers, cooling coils, and integrated HVAC&R solutions that actively assist customers in reducing energy consumption, minimizing carbon emissions, and optimizing system longevity. Environmental stewardship guides the entire product lifecycle, from responsible raw material sourcing and lean plant operations to low-emission end-use technologies.

Our overarching commitment to environmental, social, and operational responsibility is articulated through our structured **ICE Strategy Framework**. Built around three core pillars (Innovation, Community, and Environment), this strategy addresses material ESG aspects vital for sustainable industrial growth and long-term value creation.

The ICE Strategy Framework



Innovation

Smart Engineering & Energy Efficiency



Community

Safe & Empowering Work Environment



Environment

Low Operational Carbon & Responsible Resource Use

I

Innovation

Beyond plant-level initiatives, KRN's thermal solutions empower OEMs to meet stringent global efficiency mandates. Technologies such as heat exchangers significantly cut overall refrigerant charge requirements compared to conventional designs, directly lowering environmental risk in the event of system leaks. Combined with low-GWP refrigerant compatibility and high-durability anti-corrosion coatings, KRN delivers thermal systems built for both high operational performance and environmental durability.

Sustainability begins with intelligent thermal engineering. Through continuous R&D and digital product development, KRN produces heat transfer systems designed for high seasonal efficiency and minimal energy draw.

High-Efficiency Product Architecture

Advanced fin geometry and optimized fluid circuiting maximize heat transfer rates while reducing fan power requirements.

Low-GWP & Natural Refrigerant Support

Engineering compatibility for eco-friendly refrigerants (such as R32, R290, R454B, and R1234yf) to help clients transition away from high-GWP hydrofluorocarbons (HFCs).

Digital Automation & Control

Integration of smart control systems and precise variable-capacity components to balance thermal loads dynamically.

C

Community

Our people and surrounding communities are essential to sustainable success. KRN prioritizes an inclusive, safe, and skill-oriented workplace while encouraging positive local engagement.

High-Efficiency Product Architecture

Workforce Health & Safety

Implementing zero-harm occupational safety management systems across all shop floors.

Continuous Skill Advancement

Delivering structured technical training and development programs across operational teams.

Social Impact & Human Rights

Enforcing fair labor standards, supporting diversity, equity, and inclusion, and maintaining engagement with regional communities.

E

Environment

KRN actively reduces the environmental impact of its operations through resource conservation, clean process design, and waste mitigation.

Carbon Footprint Reduction

Energy efficiency initiatives within production facilities to lower greenhouse gas intensity.

Waste Minimization & Recycling

Process waste recovery programs for scrap metals, specialized chemicals, and protective packaging materials.

Eco-Friendly Manufacturing

Utilizing protective coatings that comply with global environmental mandates, including RoHS guidelines and REACH regulations.

Driving Sustainability Through Engineering Excellence

Core Pillars of KRN's Sustainable Innovation

Advanced Design Engineering & Simulation



Low-GWP & Natural refrigerants



Rigorous testing and validation



At KRN, sustainability begins with smart engineering and continuous innovation. As thermal management requirements evolve globally, KRN leverages advanced design engineering, simulation technologies, and rigorous lab validation to create thermal solutions that directly support environmental initiatives. By optimizing heat transfer efficiency and enabling green refrigerants, technological innovation serves as the primary engine driving KRN's sustainability commitments.



Advanced Design Engineering & Simulation

KRN leverages an experienced team of SolidWorks-qualified designers to deliver advanced 3D modeling, custom coil engineering, and targeted heat exchanger product development. By focusing on end-to-end design engineering, the team maximizes overall performance, optimizes product manufacturability, and reduces time-to-market. This integrated design approach significantly accelerates product development cycles while ensuring tailored, high-efficiency thermal solutions for diverse customer applications.

KRN integrates advanced simulation and optimization capabilities, including thermal performance modeling, energy efficiency optimization, pressure drop analysis, and complete design validation to maximize operational reliability. By achieving **98%** simulation accuracy, this digital engineering approach accelerates product development cycles by **30%** while significantly reducing prototype iterations. Ultimately, these virtual optimization processes deliver up to

22% in cost savings while continuously enhancing overall system energy efficiency for customers.

High-Efficiency Product Architecture

Advanced fin geometries and fluid circuiting maximize thermal performance while lowering fan power consumption and energy draw.

Resource & Material Optimization

Computer-aided engineering (CAE) and simulation tools allow engineers to refine copper and aluminum usage, achieving up to a 20% cost and material reduction while ensuring structural integrity.

System Integration Across Applications

Custom thermal designs support diverse efficiency-critical sectors, including Air Handling Units (AHUs), Chillers, Fan Coil Units (FCUs), Heat Pumps, VRF Systems, Precision AC, and Transport Refrigeration.



Transitioning to Low-GWP & Natural Refrigerants

A major focus of KRN's sustainability framework is supporting the global HVAC&R industry's transition away from hydrofluorocarbons (HFCs) toward environmentally friendly alternatives.

Eco-Friendly Fluid Compatibility

Engineering systems tailored for next-generation, low-Global Warming Potential (low-GWP) refrigerants, including **R32**, **R454B**, **R410A**, and natural refrigerants like **R290 (Propane)**.

Reduced Refrigerant Charge

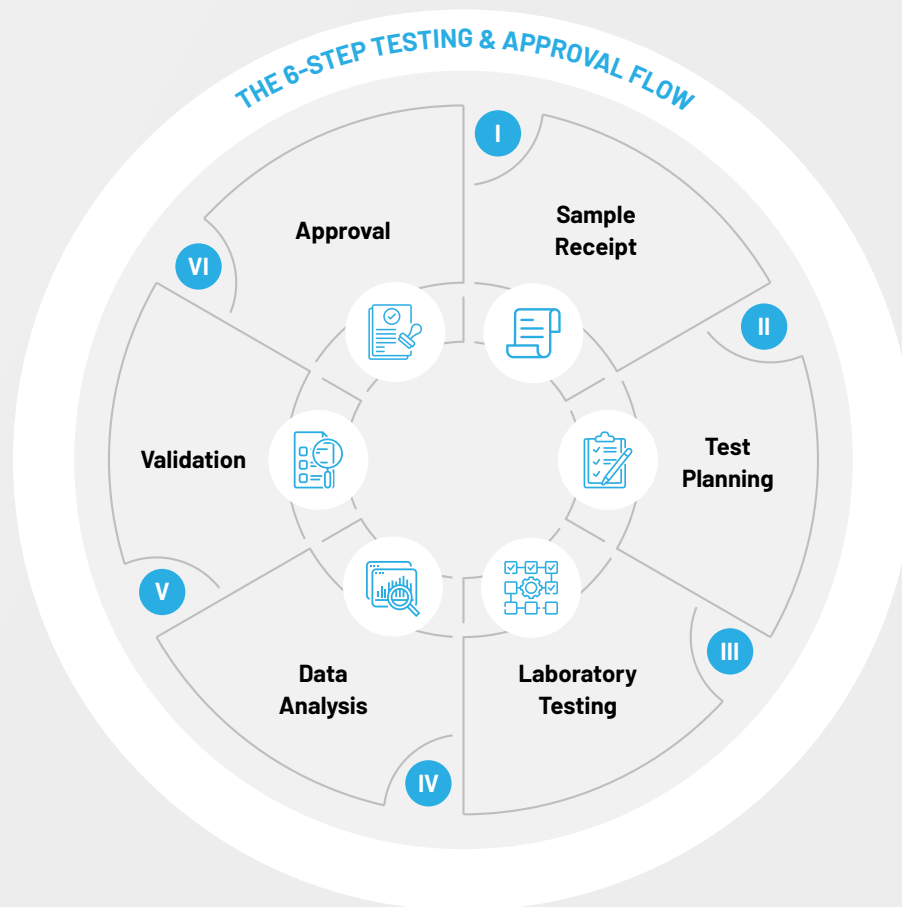
Advanced microchannel and compact fin-and-tube configurations significantly diminish internal circuit volume, reducing total refrigerant charge requirements and mitigating leak risk.





Testing Infrastructure & Quality Validation

Through its partnership with Thermotech Research Laboratory (TRL), an certified testing facility, KRN rigorously validates HVAC&R product performance, operational reliability, and global compliance. The facility offers comprehensive capabilities, including compliant testing, low-GWP refrigerant evaluations, and full efficiency validations. By leveraging TRL's advanced infrastructure, KRN accelerates the overall certification process, reduces product development costs, and provides complete support for meeting global regulatory standards.



Comprehensive Environmental Testing

Environmental simulation chambers test systems across extreme conditions (indoor temperatures from 5°C to +50°C and outdoor temperatures from -20°C to +60°C) with up to 55 TR testing capacity and airflow handling from 150 to 16,000 CFM.

Advanced Measurement Capabilities

Precision Non-Destructive Testing (NDT) capabilities including Helium Leak Testing (vacuum chamber and fine leak detection to prevent fugitive emissions), Salt Spray Testing (corrosion resistance), Burst Pressure & Pressure Cycle Testing, Video Measuring Systems (VMS), and Eddy Current Inspection.

Key Engineering Outcomes

KRN achieves significant performance and operational benefits through optimized thermal engineering, delivering equivalent cooling performance while enhancing heat transfer efficiency. By reducing raw material usage and optimizing product designs, the company lowers overall manufacturing costs. Ultimately, these structural and engineering efficiencies yield up to a 22% overall cost reduction for customers without compromising on thermal output or quality.

Summary of Key Performance Metrics

Simulation Accuracy

98%

Precision in thermal & fluid dynamics modelling

Development Acceleration

30%

Faster time-to-market for engineered products

Cost Savings Potential

Up to 22%

Total cost reduction through material & design optimization

Cooling Performance

100%

Equivalent thermal output with reduced raw material usage

Impact / Value Achieved

Empowering Our Workforce & Driving Social Responsibility

At KRN, creating a sustainable tomorrow begins with prioritizing the safety, growth, and human rights of our internal teams and surrounding communities. We believe that our people are our greatest strength, and we are committed to providing a safe, inclusive, and continuous learning environment across all our operations.

Our social responsibility and workforce framework is built on three key commitments:



Workforce Health & Safety

We enforce a uncompromising commitment to employee well-being by implementing zero-harm occupational safety management systems across all shop floors. Through strict safety protocols, regular audits, and proactive risk mitigation, we foster a culture where every worker's health and safety come first.



Continuous Skill Advancement

To keep pace with evolving technologies and high-precision manufacturing, we deliver structured technical training and development programs across all operational teams. This ensures our workforce continuously sharpens their expertise, driving professional growth and operational excellence.



Social Impact & Human Rights

We maintain high ethical standards by enforcing fair labor practices, championing diversity, equity, and inclusion (DEI), and strictly respecting human rights across our entire value chain. Furthermore, we actively maintain transparent and positive engagement with regional communities to foster long-term social and economic well-being.



At KRN, we believe that true progress goes beyond business success—it lies in creating a positive, lasting impact on society and the environment. Guided by our Corporate Social Responsibility (CSR) philosophy, **"Our Commitment to a Better Tomorrow,"** our initiatives are rooted in the core values of sustainability, compassion, and community development. We recognize that our growth as a company is deeply interconnected with the well-being of the people and ecosystems around us, driving us to actively support local communities through structured, long-term development programs.

Core CSR Focus Areas

KRN directs its community investments across several Schedule VII-aligned thrust areas to uplift underprivileged segments and drive sustainable growth:



Health, Sanitation & Basic Needs

Eradicating hunger, poverty, and malnutrition; offering preventive healthcare; supporting safe drinking water initiatives; and contributing to national sanitation efforts such as the Swachh Bharat Kosh.



Education & Livelihood Enhancement

Promoting general and special education, offering employment-enhancing vocational skills to youth, women, and the differently-abled, and fostering livelihood generation.



Environmental Sustainability & Conservation

Protecting flora, fauna, and natural resources; promoting agroforestry; maintaining air, soil, and water quality; and supporting national ecological funds like the Clean Ganga Fund.



Community & Social Empowerment

Promoting gender equality, supporting facilities for senior citizens and orphans, preserving national heritage and traditional arts, supporting armed forces veterans/dependents, and developing rural sports.



R&D, Incubation & Disaster Relief

Funding scientific research and development projects at public universities and national laboratories (such as IITs, DRDO, CSIR, and ICMR) focused on Sustainable Development Goals (SDGs), alongside supporting disaster management, relief, and rehabilitation.



Commitment to Environmental Stewardship & Sustainable Growth

At KRN, environmental stewardship is not merely a compliance check—it is a core business imperative embedded within every stage of our manufacturing and product lifecycle. As a leading manufacturer of heat exchangers and cooling solutions, we recognize that our operations directly influence resource consumption and climate impact. Driven by our **Innovation, Community, and Environment (ICE)** strategy, we engineer high-efficiency thermal systems that help customers lower carbon emissions, while maintaining rigorous operational control on our shop floors. By combining resource optimization, closed-loop waste reduction, and digital engineering, KRN actively advances green manufacturing while delivering high-reliability cooling solutions.



Waste Minimization & Resource Optimization

KRN incorporates circular economy principles to reduce material loss and increase resource efficiency across all manufacturing value streams. Metallic offcuts generated during coil production—primarily copper and aluminum—are systematically recovered and sent for recycling, directly supporting a significant reduction in raw material consumption. Industrial lubricants, chemical residues, and waste oils are handled under strict containment standards and processed exclusively through certified third-party waste treatment partners. The factory waste is segregated at source and recycled through appropriate channels, reducing landfill disposal. Furthermore, by replacing physical trials with digital simulation and 3D modeling, our design engineering team achieves **98% simulation precision**, reducing prototype iterations by **30%** and preventing unnecessary material waste during new product development.

Water Stewardship & Zero Liquid Discharge (ZLD)

Water conservation is a central priority in our manufacturing and coil assembly processes, where closed-loop systems are utilized to minimize raw water dependency. We operate advanced **Zero Liquid Discharge (ZLD)** infrastructure to eliminate industrial effluent discharge into surrounding water bodies. Through our internal water recycling ecosystem, **100% of treated wastewater** is reclaimed and redirected back into plant operations for equipment cooling, auxiliary processing, and facility landscaping. To complement these internal savings, rooftop rainwater harvesting structures are integrated across our manufacturing footprint to recharge local groundwater tables and maximize overall intake efficiency.





Energy Efficiency & Clean Initiatives

The Company has implemented energy-efficiency and renewable energy initiatives totaling 5.4 MW to reduce greenhouse gas emissions. Lowering energy intensity across design, testing, and production facilities is central to KRN's decarbonization pathway. On the shop floor, we deploy automated VFDs (Variable Frequency Drives), energy-optimized manufacturing equipment, and automated LED lighting systems to streamline power consumption. Through advanced testing partnerships with Thermotech Research Laboratory (TRL)—an compliant test facility—we evaluate and optimize heat exchanger designs for **low-GWP (Global Warming Potential)** and natural refrigerants, enabling our customers to transition toward eco-friendly HVAC&R systems. Additionally, structural innovations such as optimizing tube diameters (e.g., converting from 7 mm to 5 mm) deliver up to a **22% cost reduction** and reduced material weight while preserving **100% equivalent cooling performance**.



EHS Management & Zero-Harm Operations

We enforce a robust Environmental, Health, and Safety (EHS) framework designed to protect both our operational teams and surrounding ecosystems. Across our manufacturing facilities, including our primary Neemrana plant, we conduct unannounced floor audits and surprise inspections to enforce strict adherence to ISO 14001 environmental management protocols and occupational health standards. Our proactive risk mitigation processes address chemical safety, heavy machinery operation, and thermal brazing to maintain a zero-harm workplace. Simultaneously, ambient air quality, noise emissions, and waste handling metrics are continuously monitored to ensure full compliance with regional environmental norms.



Leadership & Governance: Driving Vision and Strategic Execution

Board of Directors



Mr. Santosh Kumar Yadav

Chairman and
Managing Director



Mrs. Anju Devi

Whole-Time Director



Mr. Manohar Lal

Non-Executive Director



**Mr. Srinivasa Rao
Anasingaraju**

Independent Director



Mr. Ketan Sharma

Independent Director



CA Deepak Batheja

Independent Director



Mrs. Meenakshi Sharma

Independent Director

At KRN, strong leadership and robust corporate governance serve as the foundation for our rapid growth and operational excellence. Guided by a blend of entrepreneurial vision, deep technical domain knowledge, and seasoned independent oversight, our governance architecture aligns strategic direction with long-term stakeholder value.

The board and executive team bring together decades of engineering experience, fiscal discipline, and strict compliance standards. Under the guidance of our founding leadership, KRN balances aggressive industrial expansion, such as scaling thermal engineering capabilities and expanding into high-growth sectors, with strict adherence to ethical governance, sustainability commitments, and risk management across all operational frontiers.

57%Independent
Directors

Management Team



Pawan Nawal
Chief Financial Officer



Jitendra Kumar Sharma
Company Secretary
& Compliance Officer

Corporate Governance: Pillar of Trust, Integrity, and Long-Term Value

At KRN Heat Exchanger and Refrigeration Limited, corporate governance extends beyond legal compliance. It is an operational philosophy that embeds integrity, accountability, and strategic foresight into every layer of our organization. As a rapidly growing company, KRN recognizes that maintaining robust corporate governance frameworks protects the interests of all stakeholders, including investors, customers, supply chain partners, employees, and local communities.



Board Composition and Governance Architecture

A diverse, independent, and experienced Board of Directors serves as the guiding core of KRN's corporate governance. The Board comprises a balanced mix of executive leadership, non-executive expertise, and independent guidance, ensuring that business decisions undergo thorough scrutiny and objective evaluation. Executive leadership, including the Chairman and Managing Director alongside the Whole-Time Director, drives strategic execution, operational performance, and organizational alignment across all manufacturing facilities.

To execute its oversight duties effectively, the Board delegates specialized functions to statutory committees, each operating under defined terms of reference. The Audit & Risk Committee, composed predominantly of Independent Directors with financial and legal expertise, monitors financial reporting integrity, internal financial controls, auditor independence, and the enterprise risk management framework. The Nomination & Remuneration Committee, led by Independent Directors, formulates board appointment criteria, evaluates director performance, and defines transparent compensation frameworks for leadership. Additionally, the Stakeholders Relationship Committee focuses on safeguarding investor rights and maintaining transparent shareholder engagement, while the Corporate Social Responsibility (CSR) Committee oversees community development, environmental sustainability, and Schedule VII compliance programs.



Key Operational Policies and Ethical Guarantees

Ethical business conduct is maintained across KRN through a comprehensive suite of corporate policies governing internal workflows, external interactions, and regulatory disclosures. To foster an open culture with zero tolerance for improper conduct, KRN operates a transparent Whistleblower Policy and Vigil Mechanism, providing direct channels for employees, vendors, and partners to report suspected financial irregularities or policy violations without fear of retaliation, including direct access to the Audit Committee Chairman.

In strict adherence to SEBI Prohibition of Insider Trading Regulations, KRN enforces a detailed Prohibition of Insider Trading Policy alongside a Code of Fair Disclosure for Unpublished Price Sensitive Information (UPSI), utilizing structured digital databases and pre-clearance procedures to prevent the misuse of confidential data. The company also ensures timely and transparent dissemination of material corporate events through its Determination of Materiality Policy and statutory Archival Policy on its official investor portal. Furthermore, KRN strictly upholds human dignity and safe working conditions across all corporate offices and factory shop floors under its Policy on Prevention of Sexual Harassment (POSH), supported by an Internal Complaints Committee (ICC) that conducts awareness workshops and investigates matters promptly.

By combining board oversight, comprehensive policies, and proactive risk mitigation, KRN ensures that corporate growth remains stable, transparent, and resilient for years to come.



Commitment to Ethical Leadership and Enterprise Resilience

Our **Code of Conduct** sets the standard for ethical stewardship across our organization. The policy mandates that all board members and executive leaders act with absolute integrity, honesty, and due diligence in every business decision. It enforces strict compliance with statutory regulations, prohibits conflicts of interest, safeguards confidential operational and financial data, and mandates fair dealing with customers, suppliers, and competitors.

Parallel to our ethical commitments, our **Risk Management Policy** establishes a structured framework to identify, assess, and mitigate operational, financial, and strategic risks before they impact performance. Overseen by the Board and the Audit & Risk Committee, this policy integrates risk evaluation directly into daily manufacturing, supply chain management, and long-term planning. By continuously monitoring raw material volatility, technological shifts, and shop-floor safety, KRN safeguards its operational continuity, protects stakeholder value, and ensures long-term business resilience in an evolving global market.

Our policies

Code of Conduct for Directors and Senior Management Personnel Policy

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information Policy

Corporate Social Responsibility Policy

Determination of Materiality of Information or Event Policy

Diversity on Board of Directors Policy

Dividend Distribution Policy

Material Policy
(Group Companies, Creditors, Litigation)

Nomination and Remuneration Policy

Policy for Prevention of Insider Trading Policy

Policy on Material Subsidiary

Policy on Sexual Harassment of Women at Workplace

Preservation of Documents Policy

Related Party Transaction Policy

Risk Management Policy

Whistle Blower and Vigil Mechanism

Read more: <https://krnheatexchanger.com/investors/policies/>

Corporate Information

BOARD OF DIRECTORS

Mr. Santosh Kumar Yadav

Promoter, Chairman and Managing Director

Mrs. Anju Devi

Promoter, Whole-time Director

Mr. Manohar Lal

Promoter, Non-Executive, Non-Independent Director

Mr. Ketan Sharma

Non-Executive - Independent Director

Mr. Srinivasa Rao Anasingaraju

Non-Executive - Independent Director

Mr. Deepak Batheja

Non-Executive - Independent Director

Mrs. Meenakshi Sharma

Non-Executive - Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Jitendra Kumar Sharma

CHIEF FINANCIAL OFFICER

Mr. Pawan Nawal

REGISTERED OFFICE

Plot No. F-46,47,48,49, EPIP, RIICO Industrial Area, Neemrana, Alwar, Rajasthan, India, 301705

Phone: +919255025440

Email: cs@krnheatexchanger.com

STATUTORY AUDITORS

Keyur Shah & Co.
(Chartered Accountants)

SECRETARIAL AUDITORS

SMD & Co., Company Secretaries

INTERNAL AUDITORS

Sharma Shankar & Co.
(Chartered Accountants)

COST AUDITORS

R S Chauhan & Associates
(Cost Accountants)

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Private Limited

Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, India

Tel.: + 91-22-6263 8200

BANKERS

Citi Bank
HDFC Bank



MANAGEMENT DISCUSSION AND ANALYSIS



ECONOMIC OVERVIEW

Global Economy: FY 2025-26

Global growth is projected at 3.1% in CY 2026 and 3.2% in CY 2027, moderating from the pace of approximately 3.4% recorded during CY 2024-25, and is expected to settle close to this rate over the medium term, below the historical average of 3.7% observed during CY 2000-19. The CY 2026 forecast has been revised downward by 0.2 percentage points relative to the January 2026 WEO Update, while the CY 2027 forecast remains unchanged. Global headline inflation is expected to rise to 4.4% in CY 2026 before easing to 3.7% in CY 2027, reflecting upward revisions for both years.

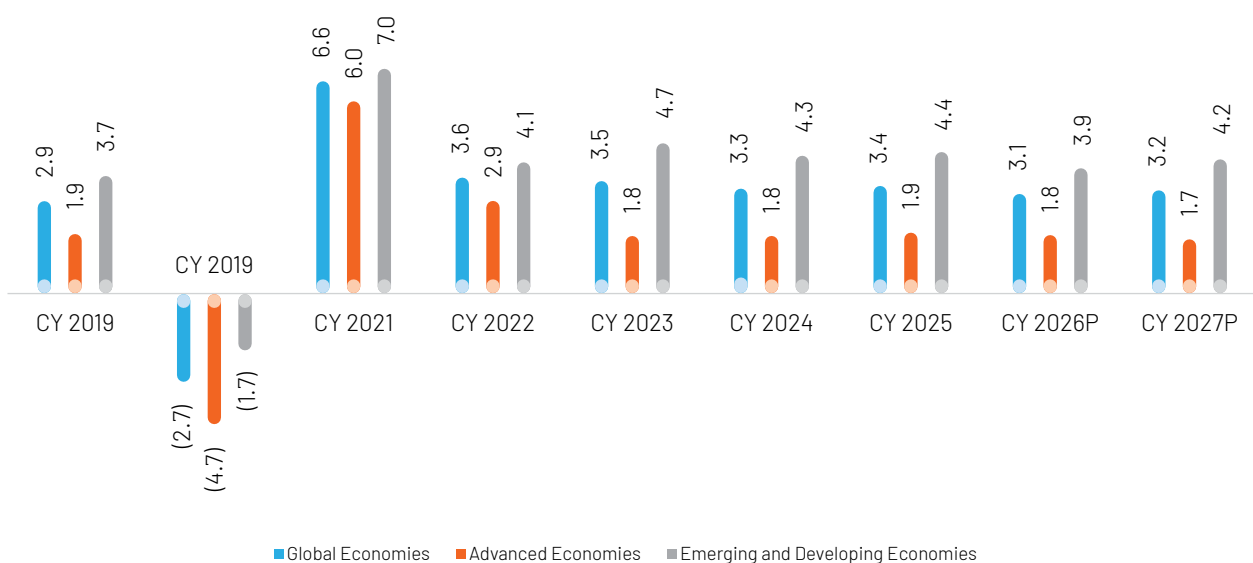
The ongoing conflict between Israel/the United States and Iran, which commenced in February 2026, has emerged as a significant global supply and confidence shock. The International Energy Agency has characterised the resulting disruption to flows through the Strait of Hormuz as the largest oil supply disruption on record, with consequent effects spreading across refined fuels and liquefied natural gas. Periodic airspace closures, elevated freight and insurance costs, and “stop-go” operating conditions have weighed on global trade, services activity, and investment sentiment. Fuel-importing economies across Asia-Pacific, including India, Japan, South Korea and parts of Southeast Asia, have faced power-conservation measures and elevated input costs, while several Asia-Europe shipments have been rerouted via the Cape of Good Hope, extending lead times by 10-14 days.

Growth in advanced economies is projected at 1.8% in CY 2026 and 1.7% in CY 2027, with the overall impact of the conflict remaining relatively contained at approximately 0.2 percentage points. Growth in emerging market and developing economies is projected to moderate to 3.9% in CY 2026 before recovering to 4.2% in CY 2027, with the Middle East and Central Asia region experiencing the sharpest slowdown, from 3.6% in CY 2025 to 1.9% in CY 2026, before a recovery to 4.6% in CY 2027.

Source: IMF World Economic Outlook, April 2026 Update.



Historial & Projected GDP Growth Trends (%)



Historical & projected GDP growth trends, global/advanced/emerging economies (%). Source: IMF Global GDP Forecast Release, April 2026; Dun & Bradstreet, Industry Assessment: Indian Heat Exchanger Industry, May 2026.

Indian Economy: Resilience Amid Global Headwinds

India continues to be one of the fastest-growing major economies globally. India's growth outlook for CY 2025 has been revised upward by 1.0 percentage point to 7.6%, supported by stronger-than-expected performance through the year, while the CY 2026 and CY 2027 projections stand at 6.5% each, aided by the carryover effect of strong 2025 performance and a reduction in additional U.S. tariffs on Indian goods from 50% to 10%, which more than offsets the adverse impact of the Middle East conflict.

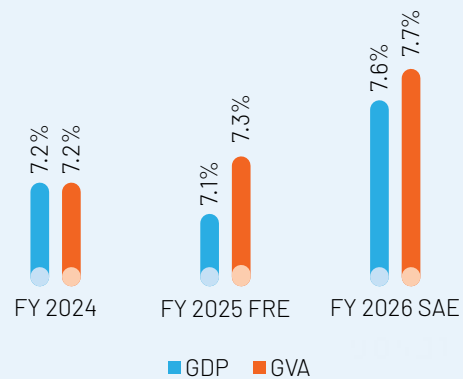
India's Real GDP for FY 2025-26 is estimated at ₹322.58 lakh Crore, compared to ₹299.89 lakh Crore in FY 2024-25, representing growth of 7.6%, higher than the 7.1% recorded in the previous year. Real Gross Value Added (GVA) for FY 2025-26 is estimated at ₹294.40 lakh Crore, reflecting growth of 7.7% compared to 7.3% in FY 2024-25. The services sector remained the principal growth driver, expanding by 9.0% and contributing 52.6% to GVA, while the industrial sector grew by 7.7%, with its contribution to GVA rising marginally to 29.7%.

The Union Budget 2026-27 has reinforced the government's infrastructure focus through a record capital expenditure outlay of ₹12.2 lakh Crore, together with the newly introduced Infrastructure Risk Guarantee Fund intended to crowd in private capital. Additional structural developments during the year, including the conclusion of the India-EU Free Trade Agreement negotiations, offering near-universal market access for 99.5% of India's exports by value, and the India-Oman Comprehensive Economic Partnership Agreement, are expected to further strengthen India's trade competitiveness and investment climate over the medium term.

The Wholesale Price Index (WPI) inflation stood at 3.88% (provisional) in March 2026, while Consumer Price Index (CPI) inflation, under the revised base year 2024 series, stood at 3.40% for the same month. The Reserve Bank of India's Monetary Policy Committee has cumulatively reduced the repo rate by 125 basis points since February 2025, with the rate currently at 5.25%, supporting the growth-inflation balance.

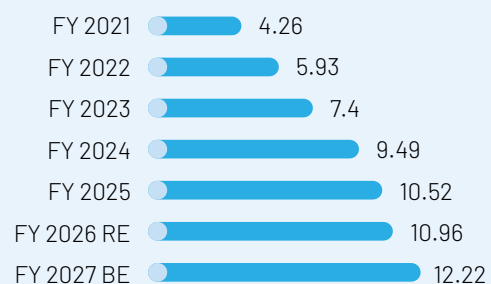
Source: MOSPI National Account Statistics; IMF World Economic Outlook, April 2026; Union Budget 2026-27; CMIE Economic Outlook.

Growth Trend (Constant 2022-23 Prices)



India GDP and GVA growth trend, constant 2022-23 prices, FY2024-FY2026 SAE. Source: MOSPI National Account Statistics; Dun & Bradstreet, Industry Assessment: Indian Heat Exchanger Industry, May 2026.

Union Government's Budgetary Allocation for Capital Expenditure (in INR Trillion)



Union Budget, Government of India

Union Government's budgetary allocation for capital expenditure, FY2021-FY2027 BE (₹ in Trillion). Source: Union Budget, Government of India; Dun & Bradstreet, Industry Assessment: Indian Heat Exchanger Industry, May 2026.

INDUSTRY OVERVIEW

Heat Exchanger Industry

Heat exchangers are critical thermal management devices that transfer thermal energy between two fluids without allowing them to mix, and find application across a broad spectrum of industrial and commercial processes, including chemical processing, oil & gas, power generation, HVAC systems, food & beverage processing, pharmaceuticals, data centres, and transportation. The global Heating, Ventilation, Air Conditioning and Refrigeration (HVAC&R) ecosystem, within which heat exchangers form a critical component, continues to see robust demand driven by technological advancement, energy-efficiency mandates, and supportive regulatory frameworks worldwide.

The global heat exchanger market expanded from USD 14.5 billion in CY 2021 to USD 19.7 billion in CY 2025, reflecting a CAGR of approximately 8.0%, underpinned by rising demand for efficient thermal management solutions across power generation, oil & gas, chemicals, HVAC, and emerging segments such as renewable energy and data centres. Regionally, the market remains fairly balanced, with the Americas holding the largest share at approximately 30.0%, followed by Europe at 29.0% and Asia-Pacific (APAC) at 27.0%, while the Middle East and Africa account for the remaining 14.0%.



Indian Heat Exchanger Industry

The Indian heat exchanger market has demonstrated robust growth, expanding from approximately USD 579.6 million in FY 2021 to an estimated USD 952.7 million in FY 2025-26, reflecting a CAGR of approximately 10.4%, outpacing the global growth rate and underscoring India's emergence as a key high-growth market for heat exchangers. This growth has been driven by increasing industrial activity, capacity expansion across power, oil & gas, chemicals, data centres, and HVAC segments, along with rising investments in infrastructure and energy-efficiency initiatives.

By product type, Shell & Tube Heat Exchangers continue to dominate the Indian market with an approximate 53.55% share, owing to their applicability across oil & gas, power generation, chemicals, and heavy process industries. Finned Tube / Air-Cooled Heat Exchangers represent the second-largest category at approximately 21.30%, supported by increasing adoption in water-constrained applications, followed by Plate Heat Exchangers at approximately 19.60% and Spiral Tube Heat Exchangers, a niche segment, at approximately 5.55%.

By end-use industry, the Chemical sector remains the largest contributor at approximately 24.0%, followed by Oil & Gas at 22.0%, Power & Energy at 17.1%, HVAC at 16.3%, Food & Beverages at 7.7%, Paper & Pulp at 7.3%, and other sectors including cement and marine at 5.6%.



Key Growth Drivers



Rapid Growth in HVAC Demand: The Indian HVAC market is projected to expand from approximately USD 17.1 billion in FY 2025 to USD 32.6 billion by FY 2030, reflecting a CAGR of approximately 13.7%, driven by rising cooling demand, projected by the India Cooling Action Plan to grow nearly eight-fold by 2037-38, and rising penetration of room air conditioners, estimated at approximately 110 million units in FY 2025 with an additional 130-150 million units expected by FY 2035



Infrastructure Expansion: Large-scale infrastructure development under the National Industrial Corridor Development Programme (NICDP), the PM GatiShakti National Master Plan, and the Union Budget 2026-27's Integrated East Coast Industrial Corridor is expected to generate sustained demand for HVAC systems and thermal management equipment across new industrial townships, logistics hubs and manufacturing clusters



Pharmaceutical Sector Growth: India's pharmaceutical turnover is projected to reach ₹8 lakh Crore (USD 130 billion) by FY 2030, with continued expansion in cleanroom manufacturing and R&D infrastructure expected to drive demand for precision HVAC and thermal control systems



Data Centre and Semiconductor Expansion: The number of data centres in India increased from 130 in CY 2021 to 271 in CY 2025, with cumulative investments of approximately USD 95 billion during CY 2019-25, expected to exceed USD 100 billion by CY 2027. Cooling infrastructure constitutes 15-25% of total data centre capital expenditure, creating substantial demand for high-efficiency heat exchangers, particularly as the sector transitions toward liquid and hybrid cooling technologies



Cold Chain and Warehousing: India's total warehousing stock reached approximately 610.0 million sq. ft. in CY 2025 and is projected to reach 850 million sq. ft. by CY 2030, while cold storage capacity utilisation remains constrained relative to demand, indicating substantial headroom for temperature-controlled infrastructure investment



Transportation and Electrification: The transition toward electric public transport, including the PM e-Bus Sewa Scheme's sanction of 10,000 air-conditioned electric buses across 116 cities, is expected to sustain demand for HVAC systems within the transportation segment



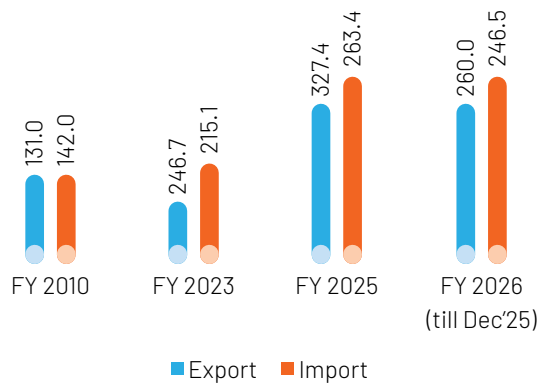
Renewable Energy Integration: India's installed renewable energy capacity expanded from 95.8 GW in FY 2021 to approximately 275.4 GW as of February 2026, creating incremental demand for heat exchangers in applications such as concentrated solar power, hydrogen production, and battery energy storage cooling systems

Trade Scenario

India's trade position in heat exchange equipment has transitioned from a net importer to a net exporter over the past decade. Exports of heat exchange equipment rose from USD 196.8 million in FY 2021 to a peak of USD 327.4 million in FY 2025, before moderating to USD 260.0 million during FY 2025-26 (till December 2025), while imports rose from USD 172.6 million to USD 263.4 million over the same period, standing at USD 246.5 million during FY 2025-26 (till December 2025). The UAE remains India's largest export destination for heat exchange equipment at approximately 33.2% of total exports, followed by the USA at 12.7%, while China continues to be the dominant import source at approximately 42.9%, reflecting continued reliance on cost-competitive manufacturing capacity for certain inputs.

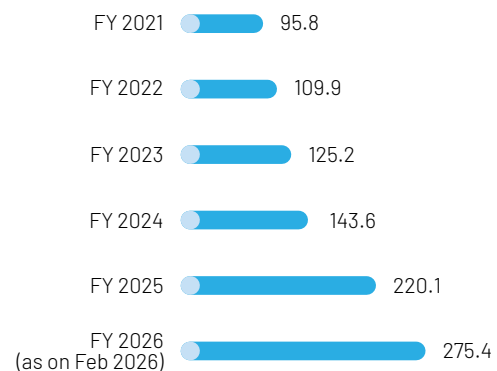
Source: Directorate General of Foreign Trade; Ministry of New and Renewable Energy; NITI Aayog; D&B Research and Estimates.

Transition from Net Importer to Net Exporter in Heat Exchange Equipment Trade



Transition from net importer to net exporter in heat exchange equipment trade, FY2010-FY2026 (till Dec'25), USD Million. Source: Directorate General of Foreign Trade; Dun & Bradstreet, Industry Assessment: Indian Heat Exchanger Industry, May 2026.

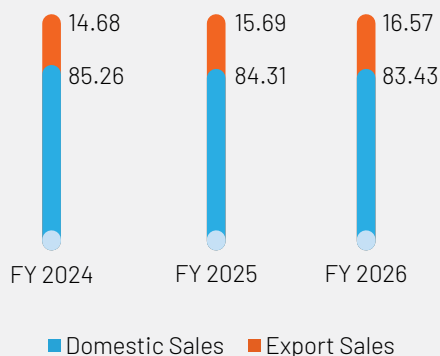
Total Installed Renewable Energy Capacity GW



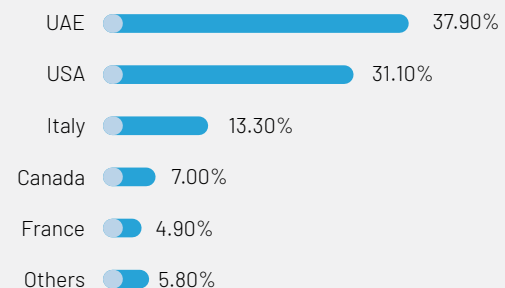
Total installed renewable energy capacity, FY2021-FY2026 (as on Feb 2026), GW. Source: Ministry of New and Renewable Energy; NITI Aayog; Dun & Bradstreet, Industry Assessment: Indian Heat Exchanger Industry, May 2026.

Strong Domestic Base with Expanding Global Reach

Geography Wise Revenue Distribution



Strong Domestic Base with Expanding Global Reach



Global mix improving with exports inching closer to ~17% of revenue

Geography-wise revenue distribution and top export markets, FY 2023-24 to FY 2025-26. Source: KRN Heat Exchanger and Refrigeration Limited, Q4 & 12M FY 2025-26 Investor Presentation.



Growth Outlook

The global heat exchanger market is projected to grow from approximately USD 21.4 billion in CY 2026E to USD 29.6 billion by CY 2030, reflecting a CAGR of approximately 8.5%, with Asia-Pacific expected to emerge as the leading region by CY 2030 at approximately 30.0% share, overtaking the Americas (29.0%) and Europe (27.3%).

The Indian heat exchanger market is projected to grow at a relatively higher CAGR of approximately 11.8%, from an estimated USD 952.7 million in FY 2025-26 to USD 1,488.5 million by FY 2030, reflecting India's position as a high-growth market supported by industrialisation, policy-led domestic manufacturing initiatives, and rising adoption of energy-efficient technologies. Within this, the finned tube heat exchanger segment, a core focus area for the Company, is projected to grow at a CAGR of approximately 12.9%, from USD 201.2 million in FY 2025-26 to USD 326.5 million by FY 2030, outpacing the broader market and reflecting increasing preference for air-cooled and compact thermal solutions.

COMPANY OVERVIEW

Operations

KRN Heat Exchanger and Refrigeration Limited ("KRN" or the "Company"), established in 2017 and headquartered in Rajasthan, is a prominent Indian manufacturer of fin & tube-type heat exchangers, with a growing and diversified presence across the HVAC&R value chain. The Company is engaged in the design, manufacturing and supply of precision-engineered evaporator and condenser coils, headers and tubings, sheet metal parts, refrigerator components, bar and plate heat exchangers, and bus air-

conditioning systems for Original Equipment Manufacturers ("OEMs") across domestic and international markets.

The Company operates three manufacturing facilities in Neemrana, Rajasthan, one dedicated to heating & refrigeration products and two dedicated to HVAC products, supported by integrated production processes, automated manufacturing systems, dedicated R&D infrastructure and in-house testing facilities.



Particulars (₹ in Lakhs)	FY 2025-26	FY 2024-25	FY 2023-24
Total Income	60,980.59	44,170.64	31,374.00
Revenue from Operations	60,005.77	42,984.93	30,828.00
Growth in Revenue (YoY)	39.60%	39.43%	24.57%
EBITDA	11,287.32	7,050.91	5,845.00
EBITDA Margin	18.81%	16.40%	18.96%
Growth in EBITDA (YoY)	60.08%	20.63%	14.33%
Profit After Tax	7,646.74	5,287.54	3,939.00
PAT Margin	12.74%	12.30%	12.78%
Growth in PAT (YoY)	44.62%	34.24%	17.42%

The Company serves a diversified base of over 200 customers globally, with an established export presence across international markets including the North America, Europe and UAE. Key customers served by the Company include Daikin Air Conditioning India Private Limited, Schneider Electric IT Business India Private Limited, Carrier Air Conditioning & Refrigeration Limited, and Trosten Industries Company LLC. The Company continues to focus on expanding its product portfolio and distribution footprint across newer HVAC&R applications, supported by its integrated manufacturing capabilities across raw materials, critical components and full-system manufacturing.

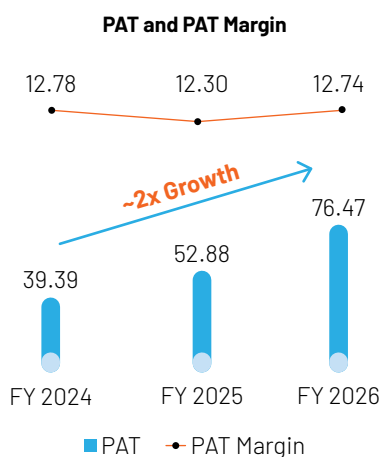
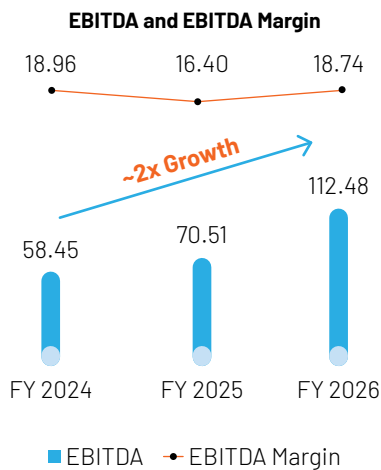
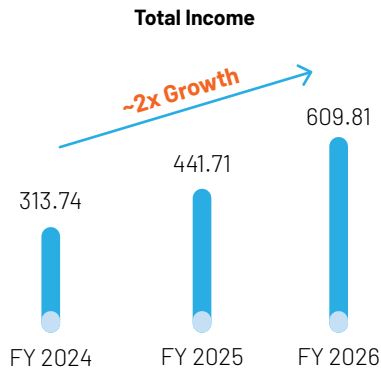
Financial Highlights

The financial performance of the Company for the year under review, together with the corresponding figures for the preceding two fiscal years, is summarised below:

Note: Key financial ratios, including EPS, current ratio, debt-equity ratio, debtors turnover ratio and return on net worth, along with explanations for significant changes therein, are set out under 'Key Financial Ratios' and 'Return on Net Worth' below, and are also disclosed in the audited standalone and consolidated financial statements forming part of this Annual Report.

The Company's revenue from operations grew at a CAGR of approximately 39.6% between FY 2023-24 and FY 2025-26, supported by expansion in product offerings, deepening customer relationships, and increased participation in the HVAC&R value chain. EBITDA and Profit After Tax similarly recorded strong growth over the period, reflecting improving operating leverage alongside the Company's expanding scale of operations. Growth in the Company's revenue during the year continued to significantly outpace both the global heat exchanger market CAGR of approximately 8.0% and the Indian heat exchanger market CAGR of approximately 10.4%, reflecting market share gains and the Company's ability to capitalise on the sector's underlying secular growth drivers.

Key Financial Highlights - Consolidated



Consolidated Total Income, EBITDA and Profit After Tax trend, FY 2023-24 to FY 2025-26 (₹ in Crores). Source: KRN Heat Exchanger and Refrigeration Limited, Q4 & 12M FY 2025-26 Investor Presentation.

Note: EBITDA and EBITDA margin computed on Revenues.

Key Financial Ratios

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's key financial ratios (on a consolidated basis) for FY 2025-26, as compared to FY 2024-25, are set out below:

Ratio	FY 2025-26	FY 2024-25	% Change
Debtors Turnover Ratio (Times)	3.43	4.62	(25.8)%
Inventory Turnover Ratio (Times)	2.20	4.49	(51.0)%
Interest Coverage Ratio (Times)	15.88	19.31	(17.8)%
Current Ratio (Times)	1.64	4.52	(63.7)%
Debt-Equity Ratio (Times)	0.33	0.07	371.4%
Operating Profit Margin (EBITDA Margin) (%)	18.81%	16.40%	14.7%
Net Profit Margin (%)	12.74%	12.30%	3.6%

Note: The above ratios are computed on a consolidated basis. Debtors Turnover Ratio and Inventory Turnover Ratio are computed as Revenue from Operations divided by closing Trade Receivables and closing Inventories, respectively.



In terms of the above, the following ratios recorded a change of 25% or more as compared to the immediately preceding financial year, together with explanations therefor:



Debtors Turnover Ratio declined by approximately 25.8%, from 4.62 times in FY 2024-25 to 3.43 times in FY 2025-26, as trade receivables grew at a faster pace than revenue on account of higher billing to large OEM, data-centre and export customers acquired during the year, several of whom operate on longer, negotiated credit cycles; the underlying receivables quality remains sound and is not indicative of any deterioration in collections.



Inventory Turnover Ratio declined by approximately 51.0%, from 4.49 times in FY 2024-25 to 2.20 times in FY 2025-26, primarily due to a deliberate build-up of raw material and finished goods inventory to support the ramp-up of the new KRN HVAC Products facility (commissioned in May 2025) and the Company's ongoing strategy of maintaining an inventory buffer of approximately 2.5 months to mitigate volatility in copper and aluminium (LME-linked) prices.



Current Ratio declined by approximately 63.7%, from 4.52 times in FY 2024-25 to 1.64 times in FY 2025-26. The elevated FY 2024-25 ratio reflected the temporary build-up of cash and liquid balances following receipt of IPO proceeds; during FY 2025-26, these proceeds were substantially deployed towards capital expenditure for the new manufacturing facility and towards funding incremental working capital (inventory and receivables) commensurate with the Company's revenue growth, resulting in a corresponding increase in current borrowings and normalisation of the ratio.



Debt-Equity Ratio increased from 0.07 times in FY 2024-25 to 0.33 times in FY 2025-26, an increase of approximately 371.4%, on account of higher utilisation of working capital borrowings to fund the increased inventory and receivables associated with the Company's revenue growth and the ramp-up of the new facility. The FY 2024-25 ratio was unusually low following the equity infusion from the Company's IPO; the Company's leverage nonetheless remains conservative on an absolute basis.

Return on Net Worth

The Company's Return on Net Worth (Return on Equity) on a consolidated basis increased from 10.60% in FY 2024-25 to 13.32% in FY 2025-26, an increase of approximately 25.7%. This improvement was driven by a 44.62% growth in consolidated Profit After Tax to ₹76.47 Crore in FY 2025-26, as the equity capital raised through the Company's IPO in FY 2024-25 began to be more fully deployed towards the new KRN HVAC Products facility and incremental working capital during the year, thereby improving capital efficiency. The comparatively lower FY 2024-25 ratio reflected the dilutive impact of the enlarged net worth base following the IPO, ahead of full deployment of the proceeds.

Quality Assurance

The Company continues to place strong emphasis on precision engineering, product quality and compliance across its manufacturing operations. Its manufacturing facilities are supported by in-house quality and reliability testing

infrastructure, and the Company holds certifications and product approvals. The Company's multi-level quality control processes, spanning raw material procurement through to final delivery, together with advanced nano and powder coatings applied to enhance corrosion resistance and product longevity, continue to underpin its brand reputation among OEM customers.

Marketing Approach

KRN continues to follow a relationship-driven, customer-centric marketing approach, supported by a dedicated team of experienced professionals with presence in both domestic and international markets. The Company's strategy continues to emphasise early-stage engagement with customers, multi-level client contact, timely delivery, and continuous expansion of its product offering into adjacent applications, supported by an effective feedback mechanism to enhance customer satisfaction and retention.

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Analysis

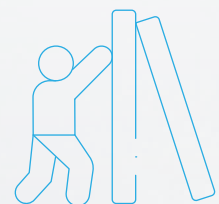
Strengths

- Integrated thermal and HVAC&R platform with a broad-based portfolio across 9 product categories serving 19 end-use application categories, spanning HVAC, refrigeration, data centres, automotive, railways, industrial cooling and process applications
- Diversified, marquee customer base of over 200 customers globally, including Daikin, Schneider Electric, Carrier, Voltas, Blue Star, Knorr-Bremse and Trosten, reducing dependence on any single customer relationship
- Scaled and expanding manufacturing footprint, with three facilities at Neemrana, Rajasthan supported by integrated production, testing and quality-control infrastructure
- Established export franchise across 19 countries, including the North America, Europe and UAE, with exports contributing an increasing share of consolidated revenue
- Quality and certification moat, with 10 or more certifications and product approvals, supported by stringent in-house testing capability
- Dedicated technology and R&D capability through the Thermotech Research Laboratory, supporting proprietary product engineering and customised solutions for customers
- Strong and improving financial profile, with FY 2025-26 consolidated EBITDA margin of 18.81% and revenue growth significantly outpacing both the global and Indian heat exchanger market growth rates



Weaknesses

- Raw-material-intensive cost structure, with copper, aluminium and steel together constituting a substantial majority of the bill of materials, exposing margins to commodity price cycles despite inventory buffers and quarterly price pass-through arrangements
- A meaningful portion of near-term growth is contingent on the progressive utilisation of newly commissioned capacity at the Company's HVAC Products facility, which remains in the early stages of its utilisation ramp-up





Opportunities

- Sustained growth in demand for HVAC&R solutions across residential, commercial, industrial and transportation applications, supported by rising urbanisation, cooling demand and infrastructure investment
- Expansion in export markets, supported by India's improving cost competitiveness, the transition of the domestic heat exchange equipment trade to a net-exporter position, and free trade agreements including the India-EU FTA and India-Oman CEPA
- Continued government support through PLI schemes, the National Capital Goods Policy, and infrastructure-led capital expenditure of ₹12.2 lakh Crore under the Union Budget 2026-27
- Capacity expansion and diversification into new product lines, including heat exchangers, printed circuit heat exchangers, and modular thermal management systems, aligned with evolving industry technology trends
- Rising demand from emerging high-growth sectors including data centres, semiconductor manufacturing, renewable energy, and electrified public transportation
- Increased focus on ESG, energy efficiency, and waste heat recovery applications across industrial decarbonisation initiatives



Threats

- Volatility in key raw material prices, particularly copper, which has exhibited a sharp upward trajectory in FY 2025-26 alongside stainless steel and aluminium, impacting manufacturing costs and margin visibility
- Dependence on imported high-grade alloys and critical minerals, including nickel, cobalt, graphite and rare earth elements, the processing of which remains highly concentrated in China (accounting for over 90% of global rare earth processing capacity), exposing the industry to supply chain and geopolitical risks
- Geopolitical instability, including the ongoing Middle East conflict, which continues to disrupt global shipping routes, elevate freight and insurance costs, and create broader input cost and currency volatility
- Intense competitive pressures from established domestic and international players operating in the Indian HVAC&R market

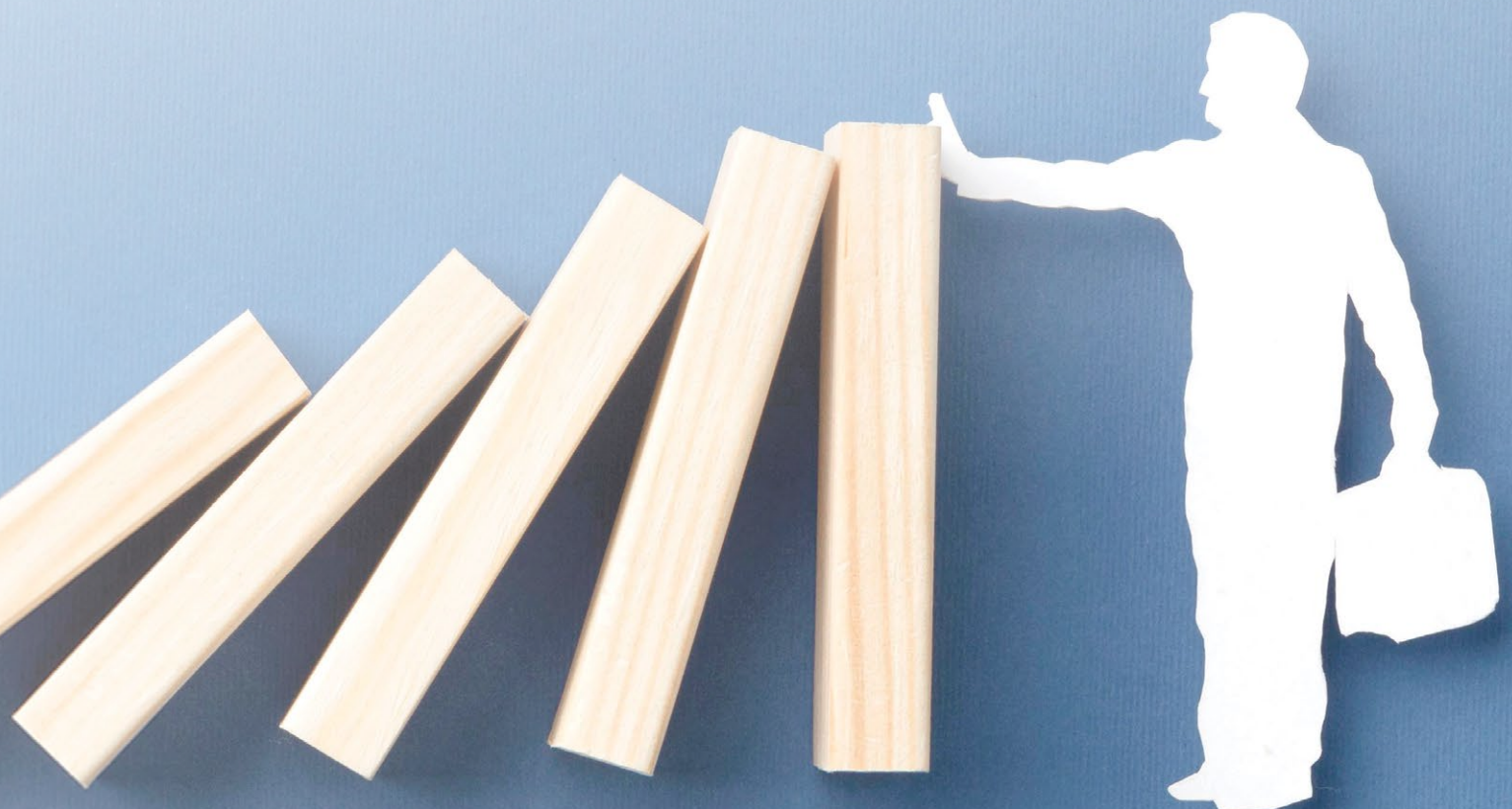


RISKS AND MITIGATION

The Company continues to operate a structured risk management framework aimed at identifying, assessing and mitigating risks that could impact its business operations, financial performance and strategic growth objectives. This framework operates under the Company's Board-approved Risk Management Policy, formulated in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with oversight provided by the Risk Management Committee and periodic review by the Board of Directors. The key risks identified by the Company and its approach to mitigating each are set out below.

Risk	Impact	Mitigation
 Raw Material Price Volatility	Heat exchangers are manufactured using metals such as copper, stainless steel and aluminium, whose prices remain highly volatile, driven by global commodity cycles, nickel price movements, and energy costs; copper prices in particular have risen sharply during FY 2025-26.	The Company continues to diversify its supplier base, maintain strategic inventory buffers, and evaluate forward contracts and alternate sourcing strategies to mitigate the impact of raw material price fluctuations also considering Quarterly settlement and pass on to customer for metal pricing
 Dependence on Imported Critical Minerals	Manufacturing of high-performance alloys used in heat exchangers depends on critical minerals such as nickel, cobalt and rare earth elements, whose global processing capacity remains highly concentrated, with China accounting for over 90% of rare earth processing.	The Company continues to monitor its supply chain closely and evaluate diversification of sourcing markets to reduce dependence on any single geography.
 Foreign Exchange Risk	Import of raw materials and export revenue expose the Company to currency fluctuations impacting costs and profitability, particularly amid elevated global volatility linked to the ongoing Middle East conflict.	The Company employs hedging strategies such as forward exchange contracts and periodically reviews procurement and pricing strategies to minimise the impact of currency variations.
 Customer Concentration Risk	A degree of dependence on a limited number of large OEM customers poses a risk of revenue fluctuation due to order cancellations, delays or contract non-renewal.	The Company continues to diversify its customer base across domestic and international markets and to deepen long-term relationships through continuous improvement in product and service quality.

Risk		Impact	Mitigation
	Geopolitical and Supply Chain Risk	The ongoing Middle East conflict continues to disrupt global shipping routes, elevate freight and insurance costs, and create broader input cost volatility affecting the industry.	The Company continues to monitor global supply chain developments closely and maintains flexibility in sourcing and logistics arrangements to minimise disruption.
	Capacity Utilisation and Project Execution Risk	A meaningful part of the Company's growth outlook is linked to the progressive utilisation of newly commissioned capacity at its HVAC Products facility; slower-than-anticipated customer qualification, order conversion or execution could affect the pace of revenue growth.	The Company follows a structured, phased utilisation roadmap supported by active customer qualification processes, a robust quality management system, and continued new-customer additions across both domestic and export markets to drive progressive capacity utilisation.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established a robust internal control framework designed to ensure the integrity and reliability of its financial reporting, safeguard its assets, and promote adherence to statutory, regulatory and internal procedural requirements, commensurate with the size, complexity and scale of its operations. The Board of Directors remains responsible for the design, implementation and continued adequacy of internal controls, with the Audit Committee, together with the internal audit function, continuing to provide independent oversight of internal audit procedures and compliance across business functions.



CORPORATE SOCIAL RESPONSIBILITY

The Company continues to undertake community-focused initiatives, particularly in the areas of education and healthcare, in keeping with its commitment to responsible corporate citizenship within its operational geography. Details of the Company's CSR initiatives and expenditure for the year are set out in the Annual Report on CSR Activities forming part of this Annual Report.



HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The KRN Group employee strength increased to 1,500+, primarily on account of the expansion of its production facilities, including the ramp-up of the new KRN HVAC

Products facility commissioned in May 2025. The final consolidated headcount figure for the year is currently being compiled and will be reported in due course.

The Company continues to place strong emphasis on continuous learning and professional development, including through its internal Brazing school established to enhance staff skills, supported by regular training programmes for both workers and staff. The Company's human resource practices continue to be governed by its Nomination and Remuneration Policy and its Policy on Sexual Harassment of Women at Workplace, supported by an Internal Complaints Committee, reflecting its broader Code of Ethics and commitment to a safe and healthy working environment.

FUTURE OUTLOOK

- Robust demand drivers ahead, supported by the projected growth of the Indian heat exchanger market to USD 1,488.5 million by FY 2030 (CAGR of approximately 11.8%) and the Indian HVAC market to USD 32.6 billion by FY 2030 (CAGR of approximately 13.7%)
- Continued scaling of manufacturing capacities to meet rising demand across HVAC, refrigeration, data centres, automotive, railways and industrial cooling applications
- Expanding global footprint, building on the Company's established export presence across the North America, Europe and UAE and India's continued transition toward a net-exporter position
- Continued product innovation and diversification into emerging technologies, including microchannel and hybrid heat exchanger systems, aligned with evolving customer and regulatory requirements
- Deepening relationships with existing OEM customers while pursuing new customer acquisition across both domestic and international HVAC&R markets

Source: Primary Research, D&B Estimates *=Projected, *E=Estimated

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis report detailing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, raw material prices, finished goods prices, cyclical demand and pricing in the Company's products and their principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries with which the Company conducts business, geopolitical developments including the ongoing Middle East conflict, and other factors such as litigation and/or labour negotiations.

BOARD'S REPORT

Dear Members,

Your Directors (the "Board of Directors"/ "Board") have pleasure in presenting the 9th Annual Report together with the Audited Standalone and Consolidated Financial Statements of **KRN Heat Exchanger and Refrigeration Limited ("KRN" or "the Company")** for the financial year ended 31st March, 2026 (the "**Financial Year**").

1. Financial Results

The Company has prepared the Standalone and Consolidated Financial Statements for the Financial Year 2025-26 in accordance with the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 (the "Act").

The consolidated and standalone financial performance of of the Company for the financial year ended 31st March, 2026 is summarized below:

(Amount in ₹ Lakhs except Earnings Per Share Data)

Particulars	Consolidated		Standalone	
	2025-26 Current Year	2024-25 Previous Year	2025-26 Current Year	2024-25 Previous Year
Revenue from operation and other income	60980.59	44170.64	68995.30	43846.64
Operating Profit/(Loss) before Depreciation	11632.35	7895.41	9453.08	7489.67
Less: Depreciation	1876.49	463.25	341.42	365.44
Profit/ (Loss) before Tax	9755.86	7432.16	9111.66	7124.23
Less: Provision for Tax -Current Tax	2382.39	2190.45	2382.39	2165.00
Deferred Tax Credit	69.09	(42.80)	(58.90)	(55.20)
Income tax earlier years	(302.65)	(3.03)	(302.65)	(3.03)
Profit/(Loss) after Tax	7646.74	5287.54	7130.53	5017.46
Other Comprehensive income	(10.28)	2.92	(14.28)	2.58
Total Comprehensive income	7657.02	5284.62	7144.81	5014.88
Total Comprehensive income attributable to the owners of Holding Company	7657.02	5284.62	7144.81	5014.88
Non-controlling interest	-	-	-	-
Total Profit/ (loss) for the year	7657.02	5284.62	7144.81	5014.88
Earnings per share	12.30	9.75	11.47	9.25

STATE OF COMPANY'S AFFAIRS

KRN Heat Exchanger and Refrigeration Limited, incorporated in 2017 and situated in Neemrana, Rajasthan, is engaged in the manufacturing of high-quality aluminium and copper fin-and-tube heat exchangers, including water coils, condenser coils, and evaporator coils. These products are extensively supplied to original equipment manufacturers (OEMs) serving the heating, ventilation, air conditioning, and refrigeration (HVAC&R) industry.

In addition to its comprehensive portfolio of heat exchangers, the Company manufactures a range of critical components, including aluminium and copper fins, copper tubes, bar-and-plate assemblies, and other essential parts that support its integrated manufacturing operations. With a strong emphasis on product quality, engineering excellence, and process efficiency, KRN is committed to delivering reliable, high-performance thermal solutions that meet the evolving requirements of its customers and end users.

FINANCIAL HIGHLIGHTS

STANDALONE LEVEL

During the Financial Year 2025-26, your Company clocked total revenue from operations of ₹ 67623.01Lakh as compared to ₹ 43118.97Lakh in the Financial Year 2024-25 at Standalone level.

BOARD'S REPORT (Contd.)

The profit after tax ("PAT") of the Company for the Financial Year 2025-26 was ₹ 7130.53 Lakh as compared to ₹ 5017.46 Lakh in the Financial Year 2024-25.

CONSOLIDATED LEVEL

During the Financial Year 2025-26, your Company clocked total revenue from operations of ₹ 60005.77Lakh, as compared to ₹ 42984.93Lakh in the Financial Year 2024-25 at Consolidated level.

The profit after tax ("PAT") of the Company for the Financial Year 2025-26 was ₹ 7646.74 Lakh as compared to ₹ 5287.54 Lakh in the Financial Year 2024-25.

CHANGE IN THE NATURE OF BUSINESS

The Company continued to operate within its established business segments, with no change in the nature of business of your Company during the year under review.

INFORMATION ABOUT SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY AND THEIR FINANCIAL PERFORMANCES

At the end of the financial year on 31st March 2026, the Company had 2 unlisted subsidiary companies [including 1 material Wholly Owned Subsidiary]

No company became or ceased to be a subsidiary, joint venture, or associate of the Company during the financial year under review.

As mandated by Section 129(3) of the Companies Act, 2013 ("the Act"), A statement containing the salient features of the financial statements of the Subsidiaries, Joint Ventures and Associates of the Company is attached in Form AOC-1 as Annexure I as required under Rule 5 of the Companies (Accounts) Rules, 2014.

HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has two subsidiaries as on March 31, 2026. The details are as follows:

- a) KRN HVAC Products Private Limited
- b) Thermotech Research Laboratory Private Limited

The performance highlights of the material subsidiary company during the year are given below:

KRN HVAC Products Private Limited ("KRN HVAC")

KRN HVAC is a wholly owned subsidiary Company and is

engaged in the business of Manufacturing of the Heat Exchnagers and other HVAC Products. KRN HVAC reported turnover of 218,85.89 Lakhs for the year ended 31st March, 2026 (31st March, 2025: Rs. 1551.05 Lakhs) and reported a net profit of Rs. 611.17 Lakhs during the Financial Year ended 31st March, 2026 vis-à-vis net profit of Rs. 278.24 Lakhs during the previous year ended 31st March, 2025.

During the financial year under review, the Board approved the conversion of the outstanding unsecured inter-corporate loan of ₹ 100 crore, along with applicable interest, if any, granted by the Company to its wholly owned subsidiary, KRN HVAC Products Private Limited, into equity shares of the subsidiary,

The Company converted an unsecured loan of ₹ 100 Crore extended to KRN HVAC Products Private Limited, its wholly owned subsidiary, into equity. Pursuant to the conversion, the Company was allotted 50,00,000 (Fifty Lakh) Equity Shares of ₹ 10 each issued at a price of ₹ 200 per share, comprising a face value of ₹ 10 and a securities premium of ₹ 190 per share pursuant to the approval of the members obtained at the Extra-Ordinary General Meeting held on December 30, 2025.

After the close of the financial year, KRN HVAC Products Private Limited, the Company's wholly owned subsidiary, completed a Rights Issue. Pursuant thereto, the Company subscribed to its full entitlement and was allotted 78,41,917 (Seventy-Eight Lakh Forty-One Thousand Nine Hundred Seventeen) Equity Shares of ₹ 10 each at an issue price of ₹ 300 per share, comprising a face value of ₹ 10 and a securities premium of ₹ 290 per share. Accordingly, the Company continues to hold 100% of the issued, subscribed and paid-up equity share capital of KRN HVAC Products Private Limited.

Comprehensive audited financial statements and related reports for each subsidiary are accessible on our website at www.krnheatexchanger.com.

During the financial year, the Company have one material subsidiary i.e. KRN HVAC Products Private Limited ("KRN HVAC").

The policy for determining material subsidiary is available on the website at <https://krnheatexchanger.com/investors/>.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return for the year ended on 31st March, 2026 in the prescribed Form MGT-7, has been made available on the Company's website at <https://krnheatexchanger.com/investors/>.

BOARD'S REPORT (Contd.)

DIRECTORS AND KEY MANAGERIAL PERSONNELS (KMPs)

The Company's Board, consisting of highly qualified individuals, maintains a balanced structure of Executive and Non-Executive Directors, Women Independent Directors with a majority of Independent Directors, in compliance with all regulations. This composition ensures effective leadership and oversight. The Board currently has 07 Directors (02 Executive Directors, 01 Non- Executive Director and 04 Independent Directors), one of them is Women Independent Directors. Furthermore, the Board engages in regular succession planning to maintain alignment with the Company's future needs.

• Re-appointment of the Directors

Pursuant to the provisions of Section 152(6) of the Act and other applicable provisions, if any, of the Act, read with the rules made thereunder and relevant clauses of the Company's Articles of Association, **Mr. Manohar Lal (DIN 10040507)**, Non-executive, Non Independent Director, is due to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, has offered himself for re-appointment. The Board, at their meeting held on August 12, 2026, has recommended his re-appointment for approval by the Members at the ensuing AGM of the Company.

The Notice of the ensuing Annual General Meeting contains the resolution for the above-mentioned proposed re-appointment.

Earlier, Mr. Santosh Kumar Yadav (DIN: 07789940), Chairman and Managing Director of the Company, retired by rotation at the 08th AGM of the Company, held on September 16, 2025. The Members of the Company, subsequently approved his re-appointment, to continue his service with the Company. His continued association underscores his significant contribution to the achievement of the Company's goals and his commitment to upholding the highest standards of corporate governance.

• Appointment / Resignation of the Directors and KMPs

During the financial year, The Board appointed Mrs. Meenakshi Sharma (DIN: 11153602) as an Additional Director, effective June 18, 2025. Subsequently, her appointment as a Non-Executive Independent Director was regularized by the shareholders at the Annual General Meeting held on September 16, 2025, for a term of three years commencing from June 18, 2025 to June 17, 2028.

Apart from mentioned above, during the financial year

2025-26, there was no change in the composition of the Board and no new Director was appointed. The Board continued to function with its existing Directors, ensuring continuity, stability and effective oversight. However, after the closure of the Financial Year, the Board, on the recommendation and approval of the Audit Committee, appointed Mr. Pawan Nawal as Chief Financial officer and Key Managerial Personnel (KMP) of the Company with effect from 15th May, 2026.

The disclosures required under Regulation 36 of the Listing Regulations and Secretarial Standards-2 ("SS-2") on General Meetings including a brief resume, details of expertise and other directorships/committee memberships held by these Directors, form part of the Notice convening the ensuing AGM.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Sections 2(51) and 203 of the Act, read in conjunction with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), the Key Managerial Personnel ("KMPs") of the Company during the financial year were as follows:

Mr. Santosh Kumar Yadav, Managing Director

Mrs. Anju Devi, whole-time Director

*Mr. Jitendra Kumar Sharma, Company Secretary & Compliance Officer

**Mr. Sonu Gupta, Chief Financial Officer

***Mr. Pawan Nawal, Chief Financial Officer

*Mr. Jitendra Kumar Sharma, has appointed as Company Secretary & Compliance Officer (CS&CO) of the Company w.e.f. 28th April, 2026

**Mr. Sonu Gupta, has been resigned from the position of Chief Financial officer of the Company w.e.f. 14th May, 2026 and redesignated as General Manager-Finance and Senior Management Personnel (SMP) of the Company w.e.f. 15th May, 2026.

***Mr. Pawan Nawal has appointed as Chief Financial officer (CFO) of the Company w.e.f. 15th May, 2026.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all Independent Directors as required under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the Listing Regulations, confirming that they meet the criteria of independence as laid down under Section 149(6) of the

BOARD'S REPORT (Contd.)

Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations, respectively.

In compliance with Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the details of all the Independent Directors have been registered with the databank maintained by the Indian Institute of Corporate Affairs (IICA). Further, all the Independent Directors have passed the online proficiency self-assessment test conducted by IICA except those who have been exempted by the Act.

The Independent Directors of the Company strictly adhere to the Code for Independent Directors, as outlined in Schedule IV of the Act. Based on these declarations received from the Independent Directors, the Board has evaluated and confirmed that all Independent Directors remain independent of the management and are in full compliance with the relevant statutory provisions.

SHARE CAPITAL

AUTHORISED SHARE CAPITAL

The Authorised Share Capital of the Company remained unchanged during the financial year. As of 31st March, 2026 it stand at Rs. 72,00,00,000 consisting of 7,20,00,000 equity shares of a face value of Rs. 10/- each.

ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

The issued, subscribed, and paid up equity share capital of the Company remained unchanged during the financial year. As of 31st March, 2026 it stand at Rs. 62,15,66,000 /- (Rupees sixty Two Crore Fifteen Lakhs Sixty Six Thousand Only) consisting of 6,21,56,600 equity shares of a face value Rs. 10/- each.

After the close of the financial year the Company issued and allotted 33,01,886 Equity Shares of face value ₹ 10 each to eligible qualified institutional buyers at the Issue price of ₹ 1,060.00 per Equity Share, i.e., at a premium of ₹ 1,050.00 per Equity Share (which includes a discount of 4.85% of the floor price, as determined in terms of the SEBI ICDR Regulations) against the floor price of Rs. 1,114.05 per Equity Share), aggregating to ₹ 34,999.99 lakhs, pursuant to the Issue.

Pursuant to the above allotment of Equity Shares in the Issue, the paid-up equity share capital of the Company stands increased from ₹ 62,15,66,000 consisting of 6,21,56,600 Equity Shares of ₹ 10 each to ₹ 65,45,84,860.00 consisting of 6,54,58,486 Equity Shares of ₹ 10 each.

During the period under review, the Company has not issued any preference shares.

ANNUAL LISTING FEE

The Annual Listing Fee for the financial year 2025-26 has been paid to both the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

During the financial year, the Company has not declared dividends on the Equity Shares, therefore, provisions for transfer of unclaimed/unpaid dividend and shares to Investor Education and Protection Fund under the Companies Act, 2013 were not applicable.

KRN EMPLOYEE STOCK OPTION PLAN 2026 ("ESOP PLAN")

During the year under review, the Board in its meeting held on 12th January, 2026 on the recommendation of the NRC, had accorded its approval to implement the 'KRN Employee Stock Option Plan 2026' ('ESOP Plan') and the same was approved by the Members of the Company at their Extra-Ordinary General Meeting (EGM) held on 15th April, 2026.

Further, pursuant to the applicable provisions of the Listing Regulations and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SBEB & SE Regulations'), the Company has applied for in-principle approval for the proposed issue of equity shares under the said the ESOP Plan from both the stock exchanges i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) where the equity shares of the Company are listed.

It is confirmed that the ESOP Plan is in compliance with the SBEB & SE Regulations and during the year under review no material changes were made to the ESOP Plan.

The Company's Employee Stock Option Scheme (ESOP) was approved by the Members on 15 April 2026, subsequent to the close of the financial year under review. Accordingly, as on 31 March 2026, no stock options had been granted, vested, exercised, lapsed, or remained outstanding. Therefore, the disclosures relating to ESOPs for the financial year ended 31 March 2026 are not applicable.

The requisite disclosures as mandated under SBEB & SE Regulations is available on the website of the Company at <https://krnheatexchanger.com/wp-content/uploads/2026/08/ESOP-DisclosureKRN.pdf>

DIVIDEND

The Board does not propose to pay any dividend for the financial year ended 31st March, 2026. The Dividend

BOARD'S REPORT (Contd.)

Distribution Policy of the Company is available at the website of the Company at <https://krnheatexchanger.com/wp-content/uploads/2025/11/Dividend-Distribution-Policy.pdf>.

DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

There was no instance of one-time settlement with any Bank or Financial Institution during the financial year 2025-26.

AMOUNT TRANSFER TO RESERVES

Details with regard to amount transferred to reserves are provided in the Notes to Financial Statements forming part of this Annual Report.

PUBLIC DEPOSITS

During the year under review, the Company has neither invited nor accepted any deposits from the public pursuant to the provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Additionally, the Company has not accepted loans/ borrowings from its Directors and their relatives during this period.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes and commitments have occurred between the end of the financial year of the Company and the date of this report which could affect the financial position of the Company, Except following:-

1. During the year under review, the Board of Directors, at its meeting held on 13 March 2026, approved the proposal to raise funds through issuance of equity shares by way of Qualified Institutions Placement (QIP). After the close of the financial year the Company issued and allotted 33,01,886 Equity Shares of face value ₹ 10 each to eligible qualified institutional buyers at the Issue price of ₹ 1,060.00 per Equity Share, i.e., at a premium of ₹ 1,050.00 per Equity Share (which includes a discount of 4.85% of the floor price, as determined in terms of the SEBI ICDR Regulations) against the floor price of Rs. 1,114.05 per Equity Share), aggregating to ₹ 34,999.99 lakhs.
2. During the year under review, the Board in its meeting held on 12th January, 2026 on the recommendation of the

NRC, had accorded its approval to implement the 'KRN Employee Stock Option Plan 2026' ('ESOP Plan') and after the close of the financial year the Company the same was approved by the Members of the Company at their Extra-Ordinary General Meeting (EGM) held on 15th April, 2026. Further, pursuant to the applicable provisions of the Listing Regulations and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SBEB & SE Regulations'), the Company has applied for in-principle approval for the proposed issue of equity shares under the said the ESOP Plan from both the stock exchanges i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) where the equity shares of the Company are listed.

RISK MANAGEMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

The Company has implemented a dynamic and comprehensive Risk Management Framework designed to identify, assess, and mitigate risks across all business operations. This framework is integrated into our strategic planning and is in full alignment with regulatory requirements and industry benchmarks.

The Company is exposed to various financial and operational risks, including market risk, credit risk, liquidity risk, regulatory risk, human resource risk, and commodity price risk.

During the year under review, the Board has constituted Risk Management Committee ('RMC'), pursuant to the provisions of Regulation 21 read with Part D of Schedule II of the Listing Regulations to frame, implement and monitor the risk management process and framework of the Company. The details of the composition of the RMC, its terms of reference, number of meetings held during the financial year, attendance at meetings and other requisite details as required under Listing Regulations are provided in the Corporate Governance Report which forms part of the Annual Report.

Risk Management has been integrated with major business processes such as strategic planning, business planning, operational management and investment decisions to ensure consistent consideration of risks in all decision-making. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

To minimize the adverse consequence of risks on business objectives the Company has framed this Risk Management Policy pursuant to Regulation 17(9) of the Listing Regulations. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active

approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities.

Business risk, inter-alia includes financial risk, political risk, fidelity risk and legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

DETAILS WITH RESPECT TO THE ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

To ensure operational efficiency and financial integrity, the Board has implemented a comprehensive internal control framework. This includes robust policies and procedures designed for the safeguarding of assets, the prevention and detection of frauds and errors, and the ensuring of accuracy and completeness of accounting records.

The Audit Committee maintains active oversight, periodically reviewing the adequacy and effectiveness of these systems and recommending enhancements to meet evolving business needs.

Our internal financial control systems are fully compliant with the Ind AS, the Act, Securities and Exchange Board of India (SEBI) Regulations and other relevant legislative frameworks. By ensuring strict adherence to these standards, the Company reinforces its commitment to upholding the highest standards of corporate governance and regulatory compliance.

For a comprehensive understanding of the internal financial controls, including their effectiveness and alignment with the Company's strategic goals, please refer to the Management Discussion and Analysis section of this Report.

ANNUAL EVALUATION BY THE BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND DIRECTORS

The Board, pursuant to the provisions of the Act and Listing Regulations, has carried out an Annual Evaluation of its own performance, performance of the Board Committees and of the individual Directors (including the Independent Directors) on various parameters.

The criteria for the evaluation of the performance of the Board, the Committees of the Board and the individual Directors, including the Chairperson of the Board was approved by the Nomination and Remuneration Committee ("NRC") of the Company. The Board decided to circulate the set of questionnaires for the performance evaluation to the directors and on the basis of those questionnaires, the evaluation of the Board Committees and of the individual Directors (including the Independent Directors) was done for the FY 2025-26.

The performance evaluation of the Non-Independent Directors and Chairman of the Board was carried out by the Independent Directors in a separate meeting.

The Directors expressed their satisfaction with the evaluation process. Further, the evaluation process confirms that the Board and its Committees continue to operate effectively, and the performance of the Directors is satisfactory.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) of the Companies Act, 2013 and the particulars of the employees who are covered under the provisions contained in Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached as Annexure II.

As per the second proviso to Section 136(1) of the Act, the Directors' Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) and (3) of the Remuneration Rules. If any Member is interested in obtaining a copy thereof, the Member may send an email to the Company Secretary at investors@krnheatexchnager.com, whereupon a copy would be sent to such Member.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has formulated "Whistle Blower Policy" to provide Vigil Mechanism to the employees including Directors of the Company to report genuine concerns and to ensure strict compliance with ethical and legal standards across the Company. The provisions of this Policy are in line with the provisions of the Section 177(9) of the Companies Act, 2013 and the rules made thereunder and Regulation 22 of Listing Regulations. The Company's Whistle Blower Policy is available on the website of the Company at <https://krnheatexchanger.com/wp-content/uploads/2024/05/Whistle-Blower-and-Vigil-Mechanism.pdf>.

During the period under review, the Company has not received any complaint under the Whistle Blower Policy of the Company.

BOARD'S REPORT (Contd.)

MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEE(S)

Number of Meetings of the Board:

The Board met 9 (Nine) times during the financial year 2025-26.. The intervening gap between the meetings was within the time limit prescribed under the provisions of Section 173 of the Act and the Secretarial Standards (SS-1) issued by the Institute of Company Secretaries of India, and the SEBI Listing Regulations.

Comprehensive details of these Board meetings, including attendance, Meeting date composition etc. are set out in the Corporate Governance Report which forms part of Annual Report.

Independent Directors' Meeting

In accordance with the provisions of Section 149 (8) of the Act, read with the Schedule IV of Code for Independent Directors and rules made thereunder and Regulation 25(3) of the Listing Regulations, the Independent Directors are required to hold at least one separate meeting in a financial year. To uphold the highest standards of corporate governance and effective Board oversight,

During the Financial Year two (02) separate meetings of the Independent Directors of the Company were held on 11th March, 2026 and 30th March, 2026 without the attendance of Non-Independent Directors and members of the Management, thereby providing a dedicated forum for independent deliberations on the Board's performance, governance framework and overall strategic oversight.

Committees of the Board

The Board has constituted the following Committees with adequate delegation of powers:

- I. Audit Committee
- II. Nomination and Remuneration Committee
- III. Stakeholders' Relationship Committee
- IV. Corporate Social Responsibility Committee
- V. Risk Management Committee (Constituted on 12.05.2025)
- VI. Banking and Finance Committee (Constituted on 12.05.2025)
- VII. Operative Committee (Constituted on 12.05.2025)
- VIII. Fund Raising Committee (Constituted on 13.03.2026)

The details of the composition of the Committees, their terms of reference, attendance of Directors at meetings of the Committees and other requisite details as required under Listing Regulations are provided in the Corporate Governance Report which forms part of the Annual Report.

SECRETARIAL STANDARDS

The Secretarial Standards i.e. SS-1 & SS-2 relating to meetings of the Board of Directors and General Meetings, respectively have been duly complied with by the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors of the company, to the best of their knowledge and belief and based on the information and interpretations obtained by them, hereby confirms and states that:

- a. in the preparation of annual accounts for the financial year ended 31st March, 2026, the applicable Accounting Standards have been followed and there are no material departures, from the same;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as at 31st March, 2026 and of the profit of the Company for that period;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. they have devised proper system to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

Pursuant to the requirements of Regulation 34 (2) (f) of the Listing Regulations, the Company has prepared a comprehensive Business Responsibility and Sustainability Report ("BRSR") for the financial year 2025-26. This report forms an integral part of this Annual Report, provides a transparent, detailed account of the Company's initiatives, progress, performance and achievements across all the ESG dimensions.

BOARD'S REPORT (Contd.)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report for the year under review is annexed separately forming part of the Annual Report.

CORPORATE GOVERNANCE REPORT

Guided by a culture of transparency, the Company strictly adheres to the governance norms stipulated under Regulation 34, read with Para C of Schedule V of the Listing Regulations. A detailed Corporate Governance Report is featured as an integral part of this Annual Report, providing stakeholders with a clear view of our ethical framework and internal practices, which collectively reinforce our commitment to integrity, accountability and stakeholder trust.

To provide independent assurance of our compliance with the corporate governance norms as stipulated in the Listing Regulations, the Company has obtained a certificate from Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations. This certificate is incorporated within the Report on Corporate Governance forming part of this Annual Report.

This certificate underscores the Company's dedication to operational excellence and ethical leadership. Together, the Corporate Governance Report and the accompanying certificate clearly demonstrate the Company's commitment to fostering enduring trust and confidence among its valued stakeholders.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In alignment with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has a duly constituted CSR Committee. The Committee is responsible for formulating and monitoring the CSR Policy and overseeing the implementation of projects that create sustainable social impact. Details regarding the composition of the Committee and meetings held during the year are provided in the Corporate Governance Report.

The Company has in place Corporate Social Responsibility Policy ("CSR Policy") which outlines the Company's philosophy and responsibility and lays down the guidelines and mechanism for undertaking socially impactful programs towards welfare and sustainable development of the community around the area of its operations. The CSR Policy of the Company is available on the website of the Company and the weblink is: <https://krnheatexchanger.com/wp-content/uploads/2025/08/CSR-Policy.pdf>.

Pursuant to clause (o) of sub section (3) of Section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014, as amended, the Annual Report on Corporate Social Responsibility activities of the Company undertaken during the year under review, including salient features of Company's CSR Policy forms part of this Report as Annexure III.

AUDITORS AND AUDIT REPORTS

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with rules made thereunder, M/s Keyur Shah & Co., Chartered Accountants (Firm Registration No. 141173W) has been appointed as the Statutory Auditors of the Company in the 6th Annual General Meeting of the Company held on 30th September, 2023 to hold office for a period of four (5) years till the conclusion of 11th Annual General Meeting.

The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer of opinion. The Notes to the Financial Statements (including the Consolidated Financial Statements) referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

The Reports issued by the Statutory Auditors on the Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2026, form part of this Annual Report.

SECRETARIAL AUDITORS

M/s SMD & Co., Company Secretary in practice (Firm Registration Number S2023HR924000), was appointed as Secretarial Auditors of the Company for conducting Secretarial Audit for a term of five consecutive years, commencing from financial year 2025-26 till financial year 2029-30 in the 8th Annual General Meeting of the Company held on 16th September, 2025.

The Secretarial Audit Report for the financial year ended March 31, 2026, issued by the Secretarial Auditors in Form MR-3, is annexed as Annexure IV. to this Report. The observations and suggestions of the Secretarial Auditors were reviewed, and necessary corrective/ preventive actions were taken by the Company.

As of March 31, 2026, the Company have one material unlisted subsidiary incorporated in India, as defined under Regulation 24A of the Listing Regulations. Consequently, the requirement to annex Secretarial Audit Reports of such subsidiaries is applicable for the year under review and forming part of this Annual Report attached as annexure V.

BOARD'S REPORT (Contd.)

INTERNAL AUDITORS

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with rules made thereunder, the Board of directors had appointed M/s Sharma Shankar & Co., Chartered Accountants, as Internal Auditor of the Company to conduct the Internal Audit of the Company for the financial year 2025-26.

Internal Audit Reports are discussed with the management and are also reviewed by the Audit Committee of the Company. During the year under review, the Internal Auditors carried out their functions as per the scope of work assigned and placed their reports at the meetings of the Audit Committee.

The observations and suggestions of the Internal Auditors were reviewed, and necessary corrective/ preventive actions were taken in consultation with the Audit Committee.

COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 Board of Directors of the Company on the recommendation of the Audit Committee has approved the appointment of M/s R S Chauhan & Associates, Cost Accountant (Reg. No. 003517) as Cost auditors of the Company for the F.Y 2025-26. The Company has received a written confirmation from the firm regarding their eligibility and independence as per the prescribed standards. The Cost Auditors will submit their Cost Audit Report within the timelines prescribed under the Act.

In accordance with the provisions of Section 148(1) of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Company is maintaining the requisite cost records

There has been no qualification, reservation, adverse remark or disclaimer given by the Cost Auditors in their Report for the financial year ended March 31, 2026.

As per the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors is required to be ratified and confirmed by the members in General Meeting. Accordingly, resolution seeking members' ratification for the remuneration payable to M/s R S Chauhan & Associates, Cost Accountant for the F.Y. 2026-27 is included in the Notice convening the AGM.

DETAILS IN RESPECT OF FRAUD REPORTED BY AUDITOR UNDER SECTION 143(12) OTHER THAN WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There was no fraud reported in the Company during the Financial Year ended 31st March, 2026. This is also being supported by the report of the auditors of the Company as no

fraud has been reported in their audit report under Section 143 (12) of the Companies Act, 2013 for the Financial Year ended 31st March, 2026.

PARTICULARS OF LOANS GIVEN, GUARANTEES GIVEN, SECURITIES PROVIDED AND INVESTMENTS MADE

The detailed particulars of loans given, guarantees given, security provided and investments made during the year in accordance with Section 186 of the Act forms part of the notes to the Audited Financial Statements provided in this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES PURSUANT TO THE SECTION 188 (1) OF THE COMPANIES ACT, 2013

The Company has robust processes and procedures for identification and monitoring related party(ies) and related party transactions.

The Company has formulated a policy on related party transactions which is also available on the website of the Company at www.krnheatexchanger.com. All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for related party transactions on a quarterly basis which are of repetitive nature and/ or entered in the ordinary course of business and are at an arm's length basis. There were no related party transactions entered into by the Company with Directors, KMPs or other related parties which may have a potential conflict with the interest of the Company.

All related party transactions entered during the financial year were in the ordinary course of the business and at an arm's length basis and the Company has not entered into any material related party transaction as stipulated under Regulation 23 of the Listing Regulations. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable to the Company for FY 2025-26.

The detailed disclosure on related party transactions as per IND AS-24 containing name of related parties and details of the transactions entered into with them have been provided under Note No. 40 of the Standalone Financial Statements of the Company.

BOARD POLICIES

In compliance with the Act and Listing Regulations, the Company has made all Board-approved policies available on its website at <https://krnheatexchanger.com/investors/policies/>.

BOARD'S REPORT (Contd.)

POLICY ON DIRECTOR'S AND KMP APPOINTMENT AND REMUNERATION

Pursuant to Section 134(3)(e) and Section 178(3) of the Act, the Nomination & Remuneration Committee (NRC) of your Board had fixed the criteria for nominating a person on the Board which inter alia include desired size and composition of the Board, age limit, qualification / experience, areas of expertise and independence of individual.

The Board of Directors, on the recommendation of the NRC of the Company, had framed a Policy for Nomination and Appointment of Directors. Further, pursuant to provisions of the Act, the NRC recommended to the Board a Remuneration Policy for remuneration payable to, to Directors, Key Managerial Personnels and Senior Management Personnel and other employees of the Company, which was duly approved by the Board. The Board on the recommendation of the Committee appoints the Senior Management Personnel from time to time. The NRC has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for remuneration to Executive Directors of the Company. The Remuneration Policy of the Company is available on Company's website at <https://krnheatexchanger.com/investors/>.

We hereby affirm that the remuneration paid to all Directors during the financial year was in strict accordance with the terms and conditions stipulated in the Nomination and Remuneration Policy.

SELECTION AND PROCEDURE FOR NOMINATION AND APPOINTMENT OF DIRECTORS

The NRC is tasked with identifying and developing the core competency requirements for the Board, ensuring alignment with the Company's evolving industry landscape and strategic goals. Our current Board composition is the result of a deliberate analysis, ensuring a deep collective understanding of the Company's operations, financial health, and complex regulatory environment.

The NRC maintains a rigorous selection process that includes benchmarking potential candidates against identified competency gaps, conducting comprehensive due diligence, and performing background references. Prior to a formal recommendation to the Board, the NRC engages in detailed interviews with candidates to brief them on the specific expectations and expert knowledge required for their respective roles.

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

The Company has zero tolerance towards Sexual Harassment

of Women at Workplace and values the dignity of individuals and is committed to provide an environment, which is free of discrimination, intimidation and abuse.

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and rules made there under, the Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment and Complying with the other applicable provisions of the Act.

As per the requirement of the POSH Act and Rules made thereunder, the Company constituted an Internal Complaints Committee (ICC) to redress the complaints received regarding sexual harassment. The Committee is led by a senior-level female employee and includes an external member with expertise in the field. Beyond complaint resolution, the ICC focuses on preventive sensitization and policy adherence. The Board maintains active oversight of the ICC's activities and policy compliance, ensuring that a culture of accountability, trust, and transparency remains embedded across the organization.

Further, to reinforce compliance, real-time tracking, and central monitoring by the Ministry of Women and Child Development, the Company has successfully registered its establishment and active Internal Committee details on the Government of India's SHe-Box Portal.

We prioritize a proactive approach through regular employee awareness workshops and specialized training for ICC members. Pursuant to the requirements of the POSH Act and the Listing Regulations, the details pertaining to complaints on matters pertaining to sexual harassment during the Financial Year 2025-26, are as below:

Number of complaints of sexual harassment received in the year	Nil
Number of complaints disposed off during the year	Nil
Number of complaints pending for more than ninety days	Nil

In line with our commitment to a safe workplace, the Company strictly enforces its Policy on Prevention of Sexual Harassment, which applies to all employees regardless of gender or sexual orientation. This policy is available on the Company's website at www.krnheatexchanger.com.

COMPLIANCE OF MATERNITY BENEFIT ACT, 1961

The Company has complied with provisions relating to the Maternity Benefit Act, 1961. as amended by the Maternity Benefit (Amendment) Act, 2017. All eligible women employees are entitled to maternity benefits, including paid leaves, as prescribed under the law.

BOARD'S REPORT (Contd.)

The Company remains committed to supporting its women employees by providing a safe, inclusive and enabling workplace that encourages work-life balance and facilitates a smooth transition during and after maternity.

No complaints or grievances relating to maternity benefits were reported during the financial year 2025-26.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

The Board of Directors of the Company has approved a 'Code of Conduct and Business Ethics' (Code) for all Board members, Key Managerial Personnel and Senior Management Personnel. All the members of the Board and Senior Management Personnel have affirmed the compliance of the same. A copy of the Code is available on the website of the Company viz. <https://krnheatexchanger.com/wp-content/uploads/2024/05/Code-of-Conduct-for-Directors-and-Senior-Management-Personnel-Policy.pdf>.

In accordance with the SEBI Listing Regulations, a formal declaration by the Chairman & Managing Director, affirming that all Board Members and Senior Management Personnel have complied with the Code of Conduct for the financial year ended March 31, 2026, is incorporated into the Corporate Governance Report forming part of this Annual Report.

CERTIFICATE FROM PRACTICING COMPANY SECRETARIES

Pursuant to the SEBI Listing Regulations, The Company hereby confirms that none of its directors have been debarred or disqualified from appointment or continuation as directors by the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), or any other statutory authority. A certificate to this effect has been obtained from M/s Deepak Arora & Associates (Firm Registration No. P2001RJ080000), Practicing Company Secretaries, and is included as part of this report.

The Board is comprised of highly experienced individuals of esteemed repute, exhibiting a diverse and balanced mix of Executive and Non-Executive Directors, with a majority of Independent Directors.

FAMILIARIZATION PROGRAMS FOR INDEPENDENT DIRECTORS

In accordance with the provisions of Regulation 25(7) of the Listing Regulations, the Company has been conducting familiarisation programmes for Independent Directors. The familiarisation programme comprises of a combination of written communication, presentation made in various

meetings and interactions with the management team to provide the directors an opportunity to familiarize with the Company, its management, operation, policies and practices.

Further, periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Updates on relevant statutory changes are provided to the Directors in the Board meetings. Upon appointment, the Independent Directors are issued a letter of appointment setting out in detail the terms of appointment including their roles, functions, responsibilities and their fiduciary duties as a Director of the Company.

Details regarding familiarization programs imparted to independent Directors has been disclosed on the given weblink: <https://krnheatexchanger.com/wp-content/uploads/2024/05/Familiarization-Programme.pdf>.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Innovating for a sustainable future, the Company harnesses technology to tackle pressing environmental challenges, including climate change, water scarcity, and waste management. Equally important is its commitment to social responsibility, demonstrated by investments in digital skilling, fostering inclusive workplaces, prioritizing employee well-being, and empowering communities. Guided by its core values and overseen by a dedicated ESG team, the company is setting new standards for ethical and sustainable business practices.

CONFLICT OF INTERESTS

To ensure absolute transparency and the highest standards of corporate governance, all Directors provide annual disclosures regarding their external directorships and committee memberships, with timely updates provided as changes occur throughout the year.

This rigorous practice underpins the Company's commitment to identifying and preventing potential conflicts of interest. In line with statutory requirements and the Company's Code of Conduct, any Board Member having a personal interest or concern in a matter under discussion abstains from both the deliberation and the voting process for such transactions. This ensures that all Board decisions are made objectively and in the best interests of the Company and its stakeholders.

INSIDER TRADING CODE

The Company has instituted a mechanism to avoid Insider Trading and abusive self-dealing in the securities of the Company. In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

BOARD'S REPORT (Contd.)

('SEBI PIT Regulations'), the Company has established systems and procedures to prohibit insider trading activity and has framed the Code of Prohibition of Insider Trading (the "Code"). The Code of the Company prohibits the designated employees from dealing in the securities of the Company on the basis of any Unpublished Price Sensitive Information (UPSI), available to them by virtue of their position in the Company. The objective of this Code is to prevent the misuse of any UPSI and prohibit any insider trading activity to protect the interests of the shareholders at large. The Board of Directors of the Company has adopted the Code and formulated the Code of Practices and Procedures for Fair Disclosure in terms of the requirements of the SEBI PIT Regulations. The Company Secretary has been appointed as the Compliance Officer for ensuring implementation of the Code. The Code is available on the website of the Company at www.krnheatexchanger.com.

DIRECTORS AND OFFICERS LIABILITY INSURANCE (D&O)

The Company provides Directors and Officers Liability Insurance (D&O Insurance) to indemnify directors, including Independent Directors and Officers of the Company, against liabilities arising from negligence, breach of duty, misstatement in the performance of their duties or other related acts, in accordance with Regulation 25(10) of Listing Regulations

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The prescribed particulars 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(3) of the Companies (Accounts) Rules, 2014 are detailed in Annexure VI to this Board's Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

There is no significant and material order was passed by the regulators or courts or tribunals impacting the going concern status and your Company's future operations;

INDUSTRIAL RELATIONS

In pursuit of sustainable, long-term growth and robust order book visibility, the Company maintains its pre-qualified and empanelled status with premier government authorities, public sector undertakings, and major institutional clients, thereby ensuring its continuous eligibility for high-value infrastructure tenders. To optimize project execution timelines, manage resource allocation, and mitigate operational risks associated

with complex engineering projects, the Company strategically enters into collaborative arrangements, including Joint Ventures, consortia, and structured sub-contracting agreements with select industry partners. These synergistic alliances successfully aggregate complementary technical expertise, financial capabilities, and operational strengths, thereby sharpening the Company's competitive advantage during the bidding stage and ensuring the successful delivery of large-scale, capital-intensive infrastructure assets.

OTHER INFORMATION

The Board states that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- As per rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014, the Company has not issued equity shares with differential rights as to dividend, voting or otherwise;
- As per rule 8(13) of the Companies (Share Capital and Debentures) Rules, 2014, the Company has not issued shares (including sweat equity shares) to employees of the Company under any scheme;
- No buyback of shares has been undertaken
- As per rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, the Company has not issued equity shares under the scheme of employee stock options;
- Neither the Managing Director nor the Whole-time Directors have received any remuneration or commission from any subsidiaries of the Company except sitting fees as entitled as a Non-Executive Directors in subsidiary companies;
- The equity shares of the Company have not been suspended from trading by the SEBI and/ or Stock Exchanges;
- Since the Company has not formulated any scheme of provision of money for the purchase of own shares by employees or by the trustee for the benefit of the employees in terms of Section 67(3) of the Act, no disclosures are required to be made
- There was no revision of financial statements and the Board's Report of the Company during the year under review;
- No application has been made under the Insolvency and Bankruptcy Code, hence the requirement to disclose

BOARD'S REPORT (Contd.)

the details of the application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable; and

- The requirement to disclose the details of the difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking a loan from the Banks or Financial Institutions, along with the reasons thereof, is not applicable.

The Board of Directors would like to express their sincere appreciation for assistance and co-operation received from vendors and stakeholders, including financial institutions, banks, Central and State Government authorities, customers and other business associates, who continued to extend their valuable support during the year under review. It will be the Company's endeavour to nurture these relationships in strengthening business sustainability.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their sincere appreciation to all the employees for their dedication and commitment. Their hard work and unstinted efforts enabled the Company to sustain its performance and consolidate its sectoral leadership.

**By the order of the Board
For KRN HEAT EXCHANGER AND REFRIGERATION LIMITED**

DATE: 12-08-2026
PLACE: NEEMRANA

SANTOSH KUMAR YADAV
Chairman & Managing Director
DIN: 07789940

BOARD'S REPORT (Contd.)

ANNEXURE-I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part A Subsidiaries

Amount (₹ in Lakhs)

Sr. No.	1	2
Name of Subsidiary	KRN HVAC Products Private Limited	Thermotech Research Laboratory Private Limited
The date since when subsidiary was acquired	07.04.2023	26.02.2025
Share capital	2,178.78	990.00
Reserves & surplus	32,732.44	(103.13)
Total assets	65,487.63	1,514.89
Total Liabilities	30,576.41	628.02
Investments		
Turnover	21,885.89	-
Profit before taxation	739.16	(94.97)
Provision for taxation	127.99	-
Profit after taxation	611.17	(94.97)
Proposed Dividend	Nil	Nil
Extent of shareholding (%)	100% along with nominee shareholdings	100% along with nominee shareholdings
Names of subsidiaries which are yet to commence operations		Nil
Names of subsidiaries which have been liquidated or sold during the year		Nil

DATE: 14.05.2026

PLACE: NEEMRANA

BOARD'S REPORT (Contd.)

ANNEXURE – II

INFORMATION AS REQUIRED PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2025-26 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2025-26:

Name of Directors/KMP	Ratio of remuneration to median remuneration of employees	% increase/ decrease of remuneration in FY 2026 as compared to FY 2025
Executive Directors:		
Mr. Santosh Kumar Yadav, Chairman and Managing Director	24.15:1	-
Mrs. Anju Devi, Whole-time Director	16.10:1	-
Key Managerial Personnels:		
Mr. Sonu Gupta, Chief Financial officer	4.60:1	-
*Mr. Jitendra Kumar Sharma, Company Secretary	4.56:1	-

All Independent Directors were paid only sitting fees for attending meetings of the Board/Committees/meeting of Independent Directors, the details of which are given in the Corporate Governance Report forming part of the Annual Report.

- ii) **The percentage increase in the median remuneration of employees in the financial year:** Nil
- iii) **The number of permanent employees on the rolls of Company as on March 31, 2026:** 132
- iv) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2025-26 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**
- The average percentile increase in the salaries of employees other than managerial personnel in the F.Y. 2025-26 was Nil and percentile increase in managerial remuneration during the said financial year was Nil.
- v) **It is hereby affirmed that the remuneration is as per Remuneration Policy of the Company.**

For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav

Chairman & Managing Director

Place: Neemrana

Date: 12.08.2026

BOARD'S REPORT (Contd.)

ANNEXURE-III

THE ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31.03.2026

[Pursuant to Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company.

The Company has adopted the CSR policy to spend on activities prescribed in Schedule VII of the Companies Act, 2013.

2. Composition of CSR Committee:

As on 31.03.2026, the following are the members of the CSR Committee of the Board:

Sl. 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. Santosh Kumar Yadav	Chairman- Managing Director	1	1
2.	Mr. Ketan Sharma	Member- Non Executive Independent Director	1	1
3.	Mr. Deepak batheja	Member- Non Executive Independent Director	1	1

3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Web Link for Composition of CSR committee and CSR

Projects approved by the board: <https://krnheatexchanger.com/investors/>

Web Link for CSR Policy: <https://krnheatexchanger.com/wp-content/uploads/2025/11/CSR-Policy.pdf>

4. 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.

Since the Company doesn't have average CSR obligation of ten crore rupees or more as required under sub-section (5) of section 135 of the Act, in the three immediately preceding financial years, therefore, Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable to the Company.

5. (a) Average net profit of the company as per sub-section (5) of section 135: ₹ 5,887.13 Lakh

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: ₹ 117.74 Lakhs

(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)]: ₹ 117.74 Lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 118.19 Lakhs

(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)]: ₹ 118.19- Lakhs Only.

BOARD'S REPORT (Contd.)

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹ Lakhs)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per subsection (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
118.19	-	-	-	-	-

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹ Lakh)
1	2	3
	Two percent of average net profit of the company as per sub-section (5) of section 135	117.74
	Total amount spent for the Financial Year	118.19
	Excess amount spent for the Financial Year [(ii)-(i)]	.45
	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	.45

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: Not Applicable
8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount: NO
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: Not Applicable

For KRN Heat Exchanger and Refrigeration Limited

SANTOSH KUMAR YADAV

MANAGING DIRECTOR & CHAIRMAN CSR COMMITTEE

DIN: 07789940

Date: 12.08.2026

Place: Neemrana

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2026

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

KRN Heat Exchanger and Refrigeration Limited

(CIN: L29309RJ2017PLC058905)

Plot No. F-46,47,48,49, EPIP,

RIICO Industrial Area Neemrana, Alwar,

Neemrana, Rajasthan, India, 301705

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KRN Heat Exchanger and Refrigeration Limited (CIN: L29309RJ2017PLC058905)** (hereinafter called 'Company') for the financial year ended on March 31, 2026. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided 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, ('**Audit Period**'), 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, minutes books, forms and returns filed and other records maintained by the Company for the Audit Period, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. 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; (**Not applicable to the Company during the Audit period**)
5. The following Regulations 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;
- d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**SEBI LODR Regulations**");
- e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the Audit period.**
- g) 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**)
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (**Not Applicable to the Company during the Audit period**) and
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not applicable to the Company during the Audit period**).
- j) The Securities and Exchange Board of India (Depository and Participants) Regulations, 2018;

We have also examined compliance with the applicable clauses of Secretarial Standard on Meetings of The Board of Directors ('SS-1') and General Meetings ('SS-2') issued by the Institute of Company Secretaries of India.

During the Audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned hereinabove.

BOARD'S REPORT (Contd.)

The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited

We further report that:

The Board of Directors of the Company is duly constituted with an appropriate balance of Executive Directors, Non-Executive Directors and Independent Directors, including a Woman Director, in compliance with the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the applicable provisions of the Act and the Regulations.

Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance with due compliance of the Act and SS-1. In certain instances, meetings were convened at shorter notice to transact urgent business, compliance of relevant provisions of the Companies Act, 2013 with respect to attendance of independent directors in the meeting was adhered. Further, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings were carried through with requisite majority recorded in the minutes of the Board of Directors or Committees of the Board, as the case may be. The dissenting members' views, if any, were captured and recorded as part of the minutes.

We further report that based on the information provided and the representation made by the Company and also on the review of compliance reports / certificates taken on record by the Board of Directors of the Company, in our opinion, 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, the following specific events/ actions took place in the Company having a major bearing on the Company's compliance responsibility in pursuance of the above-referred laws, rules, regulations, guidelines, standards etc.

1. During the period under review, the Board of Directors approved the appointment of Mrs. Meenakshi Sharma (DIN: 11153602) as an Additional Director (Non-Executive & Independent) of the Company with effect from 18 June 2025, based on the recommendation of the Nomination and Remuneration Committee. The appointment was subsequently approved by the Members of the Company by passing a resolution on 16 September 2025.
2. During the year under review, a penalty of ₹ 82,000 each was levied by BSE Limited and National Stock Exchange of India Limited on the Company for a delay in constituting the Risk Management Committee in accordance with

Regulation 21(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by 41 days. The said penalties were duly paid by the Company on November 6, 2025.

3. During the period under review, the Board approved the conversion of the outstanding unsecured inter-corporate loan of ₹ 100 crore, along with applicable interest, if any, granted by the Company to its wholly owned subsidiary, KRN HVAC Products Private Limited, into equity shares of the subsidiary, in accordance with the applicable statutory and regulatory approvals. The conversion was undertaken at a price determined in accordance with the valuation report issued by a Registered Valuer.
4. During the period under review, the Board approved the proposal to raise funds through issuance of Equity Shares by way of Qualified Institutions Placement (QIP) for an aggregate amount of up to ₹ 500 crore, subject to approval of the Members and other applicable statutory and regulatory approvals. The proposed issue is to be undertaken in accordance with the provisions of the Companies Act, 2013 and the SEBI ICDR Regulations. The Equity Shares will be issued to eligible Qualified Institutional Buyers and other permitted investors.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Except elsewhere mentioned in this report, in our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

For SMD & Co.
Practicing Company Secretaries
Unique Code: S2023HR924000

CS Devender Suhag
Membership No.: F9545
CP No.: 26611

UDIN: F009545H001093518
Peer Review Certificate No.: 6991/2025

Place: Gurgaon
Date: 12/08/2026

The report is to be read with our letter of even date which is annexed as **Annexure 'I'** and forms an integral part of this report.



BOARD'S REPORT (Contd.)

Annexure I

Auditor and Management Responsibility ANNEXURE TO SECRETARIAL AUDIT REPORT (NON- QUALIFIED)

To,
The Members,
KRN Heat Exchanger and Refrigeration Limited
(CIN: L29309RJ2017PLC058905)
Plot No. F-46,47,48,49, EPIP,
RIICO Industrial Area Neemrana, Alwar,
Neemrana, Rajasthan, India, 301705

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

- (1) Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on my audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for my opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For SMD & Co.
Practicing Company Secretaries
Unique Code: S2023HR924000

CS Devender Suhag
Membership No.: F9545
CP No.:26611

UDIN: F009545H001093518
Peer Review Certificate No.: 6991/2025

Place: Gurgaon
Date: 12/08/2026

BOARD'S REPORT (Contd.)

ANNEXURE-V

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2026

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
KRN HVAC Products Private Limited
(CIN: U28191RJ2023PTC086784)
A-60, Green Acre, Neemrana, Alwar,
Neemrana, Rajasthan, India, 301705

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KRN HVAC Products Private Limited (CIN: U28191RJ2023PTC086784)** (hereinafter called '**Company**') for the financial year ended on March 31, 2026. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided 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, ('**Audit Period**'), 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, minutes books, forms and returns filed and other records maintained by the Company for the Audit Period, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable)**
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. 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; **(Not applicable)**

5. 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; **(Not applicable)**
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable)**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable)**
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not applicable)**
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not Applicable)**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable)**
 - g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(Not applicable)**
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable)** and
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable)**

We have also examined compliance with the applicable clauses of Secretarial Standard on Meetings of The Board of Directors

BOARD'S REPORT (Contd.)

('SS-1') and General Meetings ('SS-2') issued by the Institute of Company Secretaries of India.

During the Audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned hereinabove.

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance with due compliance of the Act and SS-1. In certain instances, meetings were convened at shorter notice to transact urgent business, with the consent of the requisite majority of Directors, in compliance with the provisions of the Act and secretarial standards. Further, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings were carried out unanimously as recorded in the minutes of the meetings.

We further report that based on the information provided and the representation made by the Company and also on the review of compliance reports / certificates taken on record by the Board of Directors of the Company, in our opinion, 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, the following specific events/ actions took place in the Company having a major bearing on the Company's compliance responsibility in pursuance of the above-referred laws, rules, regulations, guidelines, standards etc.

1. During the year under review, Mr. Bhagat Singh was appointed as Manager and Whole-time Key Managerial Personnel of the Company with effect from May 20, 2025, and subsequently resigned from the said position with effect from December 01, 2025.

2. During the year under review, Mr. Ketan Sharma (DIN: 10541058) was appointed as an Additional Director in the capacity of Independent Director of the Company with effect from May 20, 2025, for a term of three consecutive years.
3. During the year under review, the authorised share capital of the Company was increased from ₹ 17,00,00,000/- (Rupees Seventeen Crore only to ₹ 22,00,00,000/- (Rupees Twenty-Two Crore only), divided into 2,20,00,000 equity shares of ₹ 10/- each, with the approval of the members at Extra-Ordinary General Meeting held on January 27, 2026 and Clause V of the Memorandum of Association was altered accordingly.
4. During the year under review, the Company allotted 50,00,000 (Fifty Lakh) equity shares of ₹ 10/- each at an issue price of ₹ 200/- per share, including a premium of ₹ 190/- per share, aggregating to ₹ 1,00,00,00,000/- (Rupees One Hundred Crore only), to KRN Heat Exchanger and Refrigeration Limited, pursuant to conversion of an existing loan of ₹ 1,00,00,00,000/- (Rupees One Hundred Crore only) into equity shares pursuant to the approval of the members obtained at the Extra-Ordinary General Meeting held on December 30, 2025.

For SMD & Co.
Practicing Company Secretaries
Unique Code: S2023HR924000

CS Devender Suhag
Membership No.: F9545
CP No.: 26611

UDIN: F009545H0011075687
Peer Review Certificate No.: 6991/2025

Place: Gurgaon
 Date: 11/08/2026

The report is to be read with our letter of even date which is annexed as **Annexure 'I'** and forms an integral part of this report.

BOARD'S REPORT (Contd.)

Annexure I

Auditor and Management Responsibility
ANNEXURE TO SECRETARIAL AUDIT REPORT (NON- QUALIFIED)

To,
The Members,
KRN HVAC Products Private Limited
(CIN: U28191RJ2023PTC086784)
A-60, Green Acre, Neemrana, Alwar,
Neemrana, Rajasthan, India, 301705

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

- (1) Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on my audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for my opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For SMD & Co.
Practicing Company Secretaries
Unique Code: S2023HR924000

CS Devender Suhag
Membership No.: F9545
CP No.: 26611

UDIN: F009545H001075687
Peer Review Certificate No.: 6991/2025

Place: Gurgaon
Date: 11/08/2026

BOARD'S REPORT (Contd.)

ANNEXURE-VI

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

The disclosure to be made under sub section (3) (m) of Section 134 of the Companies Act 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014 by the Company are explained as under:

(a) CONSERVATION OF ENERGY-

(₹ in Lakhs)		
Particular	FY 2025 - 26	FY 2024 -25
Power & Fuel	82.91	97.58

(i) THE STEPS TAKEN OR IMPACT ON CONSERVATION OF ENERGY.

In the pursuit of continual improvement in energy conservation, many initiatives as listed below have been taken for energy conservation and preservation of natural resources:

Machine / Section wise energy meter installation and monitoring on daily basis for analysis to control the consumption

For conservation & sustainable use of energy the Company is implementing Solar Panels and use of renewable energy in manufacturing units and Your Company is committed towards technology driven innovation and lays strong emphasis on inculcating an innovation driven culture within the organization.

(ii) THE STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY.

The Company is use of renewable energy in manufacturing units as an alternate source of energy.

(iii) THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT;

The Company not spent any amount under capital investment on energy conservation equipment during the year.

(b) TECHNOLOGY ABSORPTION-

(i) THE EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION.

The Company had taken initiatives towards digital journey and choose SAP B1 (renowned ERP system and Sales force (CRM system).

(ii) THE BENEFITS DERIVED LIKE PRODUCT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT OR IMPORT SUBSTITUTION.

With the help of energy conservation techniques your Company reduced electricity costs and enhance equipment health.

- Integrated controls and financials across functions
- Automation enablement wherever necessary
- Near real time facilitation of Reports, Dashboards & MIS

(iii) IN CASE OF IMPORTED TECHNOLOGY (IMPORTED DURING THE LAST THREE YEARS RECKONED FROM THE BEGINNING OF THE FINANCIAL YEAR)-

(a) THE DETAILS OF TECHNOLOGY IMPORTED.

Imported the simulation software UNILAB SRL for the design of our products and the evaluation of heat exchanger performance.

(b) THE YEAR OF IMPORT; From Financial Year 2023-24 to 2025-26

BOARD'S REPORT (Contd.)

(c) WHETHER THE TECHNOLOGY BEEN FULLY ABSORBED; No

(d) IF NOT FULLY ABSORBED, AREAS WHERE ABSORPTION HAS NOT TAKEN PLACE, AND THE REASONS THEREOF; NA

(iv) THE EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT:- NA

(c) FOREIGN EXCHANGE EARNINGS AND OUTGO-

The details of foreign exchange earnings & outgo during the year are as follows.

Particular	Amount In Rs.
Foreign exchange Earnings	83,28,24,115
Foreign exchange Outgo	2,41,15,11,417

BOARD'S REPORT (Contd.)

ANNEXURE-VII

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ Transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
NIL								

2. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Name(s) of the related party & nature of Relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ Transaction	Salient terms of the contracts or arrangements or transaction including the value, if any (Rs. in Lakhs)	Date of approval by the Board	Amount paid as advances, if any
NIL						

By the order of the Board
For KRN HEAT EXCHANGER AND REFRIEGERATION LIMITED

SANTOSH KUMAR YADAV
CHAIRMAN AND MANAGING DIRECTOR
DIN: 07789940

PLACE: NEEMRANA
Date: 14.05.2026

REPORT ON CORPORATE GOVERNANCE

Pursuant to the requirements specified in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {the Listing Regulations} the details of Corporate Governance and processes including prescribed compliances by the Company are as follows:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

At KRN Heat Exchanger and Refrigeration Limited ("the Company"), corporate governance is founded on the principles of integrity, transparency, accountability, fairness, and ethical business conduct. The Company is committed to adopting and adhering to the highest standards of corporate governance to create long-term value for its stakeholders while ensuring sustainable growth and responsible business practices.

The Company's governance framework extends beyond mere regulatory compliance and is guided by sound business ethics, effective risk management, robust internal controls, and timely, transparent disclosures. This framework promotes accountability at all levels of the organization and strengthens the confidence of shareholders, customers, employees, lenders, business partners, regulators, and the community at large.

The Board of Directors believes that strong corporate governance practices are fundamental to enhancing stakeholder trust, protecting shareholders' interests, and achieving the Company's strategic objectives. The Company continuously reviews and strengthens its governance practices to align with evolving regulatory requirements and global best practices.

During the financial year ended 31st March 2026, the Company complied with the applicable provisions relating to Corporate Governance prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

2. BOARD OF DIRECTORS

The Board of Directors are in charge of the management of the company's business as they make the strategic and operational decisions of the company and are responsible for ensuring that the company meets its statutory obligations. The Board ensures that the Company is managed in a well-balanced manner that fulfil stakeholders' aspirations, attains sustainable growth and adopts best corporate governance practices. The Board is further supported by Board Committee(s) which diligently and effectively discharge duties assigned by the Board and under law. The objective of management team of the Company is to foster a culture that thrives

on innovation, excellence and a relentless pursuit of continuous improvement. The Board, which is at the core of the corporate governance system of the Company, has ultimate responsibility for the management, general affairs, direction, performance and long-term success of the business. The Board is committed towards ensuring that sound principles of corporate governance are followed at all levels within the organization, not just form but in substance. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of the all stakeholders.

a) Composition:

The Board of Directors of the Company has an optimum balance of Executive and Non-Executive Directors, representing a blend of professionalism, knowledge and experience. The composition of the Board is in compliance with Regulation 17 of the Listing Regulations.

Mr. Santosh Kumar Yadav is Chairman & Managing Director of the Company. Since the Chairman is a Promoter and Managing Director, the Company needs to appoint at least 50% of the total number of Directors as Independent Directors. The Board's composition is in compliance with Regulation 17 of Listing Regulations, as amended, from time to time. And pursuant to Section 149, 152 and other relevant provisions of the Companies Act, 2013 ("Act"). As on March 31, 2026, our Board comprises of 7 Directors which includes two Executive Directors [including 1 Woman Director], (Promoter), one Non-Executive Non Independent Director (Promoter) and four Non-Executive Independent Directors (including one Woman Independent Director).

b) Board Meetings:

The Meetings of the Board of Directors and their Committees are scheduled well in advance. The Board meets at least once a quarter to review the quarterly performance and financial results.

During the Financial Year 2025-26, Nine (9) Board Meetings were held on 28th April, 2025, 12th May, 2025, 18th June, 2025, 31st July, 2025, 18th August, 2025, 4th November, 2025, 12th January, 2026, 6th February, 2026 and 13th March, 2026. The necessary quorum was present at all the meetings and Independent Directors were also present in such meetings. The maximum time gap between any two consecutive meetings was not more than 120 days, limit mandated by the Companies Act, 2013 and the Listing Regulations.

c) The name and category of the Directors, attendance of each director at the Board meetings and last Annual General Meeting, and number of other Directorship and Board Committees in which he/she is a member or Chairperson across various Companies as on March 31, 2026 are given hereunder :

REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of Director and DIN	Category of Directorship	No. of Board Meetings Attended	Attendance at the last AGM	No. of Other Directorships*	Other Committee Memberships**		Directorship in other listed entity (Category of Directorship)
					Member	Chairman	
A. Executive Directors							
Promoters							
Mr. Santosh Kumar Yadav DIN: 07789940	Chairman and Managing Director	9	Yes	Nil	Nil	Nil	Nil
Mrs. Anju Devi DIN: 06858442	Whole time Director	6	Yes	Nil	Nil	Nil	Nil
B. Non- Executive Directors							
Mr. Manohar Lal DIN: 10040507	Promoter -Director	9	Yes	Nil	Nil	Nil	Nil
Mr. Ketan Sharma DIN: 10541058	Independent Director	9	Yes	Nil	Nil	Nil	Nil
Mr. Deepak Batheja DIN: 10555193	Independent Director	8	Yes	Nil	Nil	Nil	Nil
Mr. Srinivasa Rao Anasingaraju DIN: 10541655	Independent Director	8	Yes	Nil	Nil	Nil	Nil
Mrs. Meenakshi Sharma DIN: 11153602	Independent Director	6	Yes	Nil	Nil	Nil	Nil

Only Indian Public Limited Companies (excluding KRN Heat Exchanger and Refrigeration Limited) whether listed or not, are included.

Pursuant to Regulation 26 of the SEBI Listing Regulations, Membership/ Chairmanship of only Audit and Stakeholders Relationship Committee(s) of public limited companies have been considered.

Inter-se Relationship among Directors

Mr. Santosh Kumar Yadav and Mr. Manohar Lal are related to each other as they are brothers and Mrs. Anju devi is spouse of Mr. Santosh Kumar Yadav and Sister-in Law of Mr. Manohar Lal. No other director is related to any other Director on the Board.

The necessary disclosures regarding maximum number of directorships, Independent Directorship and Committee positions have been made by the directors' and the same are summarized hereunder:

- None of the Directors of the company holds Directorships in more than 20 companies, of which directorship in public companies do not exceed ten, in compliance with the provisions of Section 165 of Companies Act, 2013.
- None of the Directors of the company holds Directorships in more than seven listed entities in compliance of Regulation 17A(1) of the Listing Regulations.

- Managing/Whole Time Directors of the Company do not hold any Independent Directorship in any listed entity and is in compliance of Regulation 17A (2) of the Listing Regulations.
- None of the Directors of the company is a member in more than ten committees or acts as a chairperson of more than five committees across all listed entities in which he/she is a director, in compliance of Regulation 26(1) of the Listing Regulations.
- Every Director of the Company at the start of the financial year discloses his/her directorships and committee positions, he/she occupies in other companies. During the year, they also disclosed the changes in their directorship/ committee position, whenever there was any change.

As on 31st March, 2026, Mr. Manohar Lal held 10 equity shares of the Company, and none of the other Non-Executive Directors held any equity shares or convertible instruments in the Company.

d) Familiarization Programme for Independent Directors

In accordance with the provisions of Regulation 25(7) of the Listing Regulations, the Company has been conducting familiarisation programmes for Independent

REPORT ON CORPORATE GOVERNANCE (Contd.)

Directors. The familiarisation programme comprises of a combination of written communication, presentation made in various meetings and interactions with the management team to provide the directors an opportunity to familiarize with the Company, its management, operation, policies and practices.

Further, periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Updates on relevant statutory changes are provided to the Directors in the Board meetings. Upon appointment, the Independent Directors are issued a letter of appointment setting out in detail the terms of appointment including their roles, functions, responsibilities and their fiduciary duties as a Director of the Company.

Details regarding familiarization programs imparted to independent Directors has been disclosed on the given weblink: <https://krmheatexchanger.com/wp-content/uploads/2024/05/Familiarization-Programme.pdf>.

e) Separate Meeting of the Independent Directors

During the year under review, pursuant to the provisions of Schedule IV to the Act and Regulation 25 of the Listing Regulations, two separate meetings of the Independent Directors of the Company was held on 11th March, 2026 and March 30th, 2026, respectively, inter alia, to discuss, review and assess:

- the performance of Non-Independent Directors and the Board as a whole;
- the performance of the Chairperson of the Company, taking into account the views of the Executive Directors and Non-Executive Directors; and
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the above meeting.

f) Confirmation regarding independence of Independent Directors

In terms of Regulation 25(8) of SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors

and after due assessment thereof, in the opinion of the Board they meet the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. The maximum tenure of Independent Directors is in accordance with the Act.

g) Appointment of Independent Directors of the Company on the Board of its unlisted material subsidiary companies

Pursuant to the requirement of Regulation 24(1) of the Listing Regulations, the Company was in compliance pertaining to appointment of Independent Directors in its unlisted material subsidiary companies.

h) Detailed reasons for resignation of Independent Directors who resigns before the expiry of his /her tenure

None of the Independent Directors resigned during the year.

i) Board Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, performance of the Board Committees and of the individual Directors (including the Independent Directors) on various parameters.

The criteria for the evaluation of the performance of the Board, the Committees of the Board and the individual Directors, including the Chairperson of the Board was approved by the Nomination and Remuneration Committee ("NRC") of the Company.

In a separate meeting of Independent Directors, performance of Non-Independent Directors and the Board as a whole was evaluated, taking into account the views of non-executive directors. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

j) Board Skills, Capabilities and Competencies

The Board of Directors consists of eminent individuals of diverse skills, experience and expertise in various areas. The list of core skills/expertise/competencies identified by the Board as required in the context of the Company's business to function effectively and those actually available with the Board for the Financial Year 2025-26 are as follows:

REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of Director(s)	Area of Expertise					
	Leadership	Financial Expertise	Business Strategy	Governance and Risk Management	Industry Expertise	Operation
Mr. Santosh Kumar Yadav	✓	✓	✓	✓	✓	✓
Mrs. Anju Dev	-	-	✓	✓	-	-
Mr. Manohar Lal	✓	-	-	✓	-	✓
Mr. Ketan Sharma	✓	✓	✓	✓	-	-
Mr. Deepak Batheja	✓	✓	✓	✓	-	-
Mr. Srinivasa Rao Anasingaraju	✓	-	✓	✓	✓	-
Mrs. Meenakshi Sharma	-	✓	✓	✓	-	-

Brief description Board Skills, Capabilities and Competencies:

- I. Leadership:** Ability to envision the future and prescribe a strategic goal for the Company, help the Company to identify possible road maps, inspire and motivate the strategy, approach, processes and other such key deliverables and mentor the leadership team to channelize its efforts in appropriate direction.
- II. Financial Expertise:** Proficiency in complex financial management and experience and expertise in accounting principles, auditing and reporting.
- III. Business Strategy:** Experience in building brand awareness and equity and leading management teams to make strategic choices, developing strategies to grow sales and market shares, understanding long term trends.
- IV. Governance and Risk Management:** Experience in developing governance practices, serving the best interest of all stakeholders, developing insights about management and accountability and driving corporate ethics and values, building long-term effective stakeholder engagements and, the ability to understand, assess and manage risk.
- V. Industry Expertise:** The Directors have expertise with respect to operations of Manufacturing sector to provide strategic guidance to the Management.
- VI. Operation:** Contribution to smooth operations and business growth by optimizing workflows and implementing best practices that reduce redundancy and streamline processes.

k) Information placed before the Board

During the year, all the relevant information as stipulated in Part A of Schedule II of the Listing Regulations were placed before the Board.

l) Review of Compliance Report:

Pursuant to the Regulation 17(3) of the Listing Regulations, the periodical reports submitted by the various Heads of

Departments of the Company with regards to compliance of laws applicable to the Company as well as steps taken by the management to rectify the instances of non-compliances, if any, were presented before the Board.

3. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities as mandated by applicable rules and regulations. Each Committee of the Board is guided by its terms of reference, which define the scope, powers, responsibilities and composition of the Committee. The Chairperson of each Committee briefs the Board on significant discussions held at the meetings. During the year under review, all recommendations made by the various Committees were accepted by the Board. The minutes of the meetings of all Committees of the Board were placed before the Board for noting.

I. AUDIT COMMITTEE

The Audit Committee of the Company meets with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise / exposure.

Terms of Reference

The Audit Committee has the following terms of reference:

- 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;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;

REPORT ON CORPORATE GOVERNANCE (Contd.)

- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (i) 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;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions;
 - (vii) Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary.
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
 - discussion with internal auditors of any significant findings and follow up there on;
 - 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;
 - discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - 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;
 - review the functioning of the whistle blower mechanism;
 - approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 - reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
 - consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
 - Carrying out any other function as is mentioned in the terms of reference of the audit committee.
 - i. reviewing the management discussion and analysis of financial condition and results of operations;
 - ii. reviewing the management letters / letters of internal control weaknesses issued by the statutory auditors; reviewing the internal audit reports relating to internal control weaknesses;
 - iii. reviewing the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; Reviewing the statement of deviations:
 - (a) Quarterly Statement of deviation(s) including

REPORT ON CORPORATE GOVERNANCE (Contd.)

report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- (b) Annual Statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- such other matters as may be required to be

carried out by the Audit Committee pursuant to amendment under any law, from time to time.

Composition, Meeting(s) and Attendance

The Audit Committee of Directors of the Company comprised of Three Directors including majority of Independent Directors:

All the members of the Committee are financially literate and the Chairperson has professional qualifications in the Accounting/financial functions.

As on 31st March 2026, the composition of the Audit Committee was as follows:

S. No.	Name of the Members	Category	Designation
1.	Mr. Ketan Sharma	Non-Executive Independent Director	Chairman
2.	Mr. Deepak Batheja	Non-Executive Independent Director	Member
3.	Mr. Srinivasa Rao Anasingaraju	Non-Executive Independent Director	Member

During the year ended 31st March, 2026, the Committee met 7 (Seven) times and with the present of minimum two independent Directors/members attended all the meetings. The gap between two meetings did not exceed 120 days. The requisite quorum was present for the said meetings.

The attendance record for the aforesaid meetings of the Audit Committee during the Financial year 2025-26 are given below:

S. No.	Name of the Members	No. of Meeting held	No. of Meeting Attended
1.	Mr. Ketan Sharma	7	7
2.	Mr. Deepak Batheja	7	6
3.	Mr. Srinivasa Rao Anasingaraju	7	6

The Company Secretary acts as the Secretary to the Audit Committee.

Minutes of each of the meetings of the Audit Committee are placed before the Board at its meetings.

During the year, all the recommendations made by the Committee were accepted by the Board.

The previous Annual General Meeting of the Company held on September 16, 2025, was attended by Mr. Ketan Sharma, Chairperson of the Audit Committee.

II. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) of the Company functions according to its terms of reference, its objectives, authority, responsibilities, reporting and evaluation functions in accordance with Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations.

Terms of Reference

The NRC has the following terms of reference:

- 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;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of

REPORT ON CORPORATE GOVERNANCE (Contd.)

the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a) use the services of an external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
 - Devising a policy on diversity of board of directors;
 - 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;

- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Recommend to the board, all remuneration, in whatever form, payable to senior management;
- Such other matters as may be required to be carried out by the Nomination and Remuneration Committee pursuant to amendment under any law, from time to time.

The Nomination and Remuneration Policy is available at the website of the Company and the weblink for the same is <https://krmheatexchanger.com/wp-content/uploads/2024/05/Nomination-And-Remuneration-Policy.pdf>.

Composition, Meeting(s) and Attendance

The NRC of Directors of the Company comprised of Three (3) Directors including majority of Independent Directors:

As on 31st March 2026, the composition of the NRC are as follows:

S. No.	Name of the Members	Category	Designation
1.	Mr. Ketan Sharma	Non-Executive Independent Director	Chairman
2.	Mr. Deepak Batheja	Non-Executive Independent Director	Member
3.	Mr. Manohar Lal	Non-Executive Director	Member

During the year ended 31st March, 2026, the Committee met 5(Five)times. The requisite quorum was present in the said meetings.

The attendance record for the aforesaid meeting of the NRC during the Financial year 2025-26 are given below:

S. No.	Name of the Members	No. of Meeting held	No. of Meeting Attended
1.	Mr. Ketan Sharma	5	5
2.	Mr. Deepak Batheja	5	4
3.	Mr. Manohar Lal	5	5

The Company Secretary acts as the Secretary to the NRC.

Minutes of each of the meetings of the NRC are placed before the Board at its meetings.

During the year, all the recommendations made by the Committee were accepted by the Board.

The previous Annual General Meeting of the Company held on September 16, 2025, was attended by Mr. Ketan Sharma, Chairperson of the NRC Committee.

Performance Evaluation Criteria for Independent Directors:

In compliance with the Act and Listing Regulations, the Board in consultation with the Nomination & Remuneration Committee

REPORT ON CORPORATE GOVERNANCE (Contd.)

has established a comprehensive framework for performance evaluations. This structured process defines the specific criteria used to assess the effectiveness of the Board as a whole, its individual Committees, the Chairman, the Managing Director, and both Executive and Non-Executive (including Independent) Directors. To ensure a robust assessment process, the NRC has adopted a structured evaluation questionnaire. This framework is strictly aligned with the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India (SEBI).

The performance evaluation considers an indicative list of factors, including the Director's attendance and active participation in Board and Committee meetings. Additional key parameters involve their adherence to ethical standards and the Company's code of conduct, interpersonal relationships with fellow Board members, and their ability to provide constructive, compliant insights aligned with applicable laws and regulatory guidelines.

The Board reviewed the performance of the Independent Directors in accordance with the established criteria. Every Independent Director was evaluated by the entire Board, with each individual director recusing themselves from their own appraisal.

III. STAKEHOLDERS' RELATIONSHIP COMMITTEE

To look into the various aspect of interest of shareholders, the Board of the Company has constituted Stakeholders' Relationship Committee (SRC), which is in line with the requirements of Section 178(5) of the Act and Regulation 20 read with Para B of Part D of Schedule II of the SEBI Listing Regulations.

Terms of Reference

The SRC has the following terms of reference:

- i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- ii) Review of measures taken for effective exercise of voting rights by Shareholders.
- iii) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- iv) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders of the Company.
- v) To carry out any other function as is mandated by the Board of Directors from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

Composition, Meeting(s) and Attendance

The SRC of Directors of the Company comprised of Three (3) Directors. The Chairman of the SRC is Independent Director:

As on 31st March 2026, the composition of the SRC was as follows:

S. No.	Name of the Members	Category	Designation
1.	Mr. Ketan Sharma	Non-Executive Independent Director	Chairman
2.	Mr. Deepak Batheja	Non-Executive Independent Director	Member
3.	Mr. Manohar Lal	Non-Executive Director	Member

During the year ended 31st March, 2026, the Committee met once. The requisite quorum was present for the said meeting.

The attendance record for the aforesaid meeting of the SRC during the Financial year 2025-26 are given below:

S. No.	Name of the Members	No. of Meeting held	No. of Meeting Attended
1.	Mr. Ketan Sharma	1	1
2.	Mr. Deepak Batheja	1	1
3.	Mr. Manohar Lal	1	1

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Company Secretary acts as the Secretary to the SRC.

Minutes of each of the meeting of the SRC is placed before the Board at its meeting.

During the year, no recommendation was made by the Committee to the Board.

The previous Annual General Meeting of the Company held on September 16, 2025, was attended by Mr. Ketan Sharma, Chairperson of the SRC Committee.

Compliance Officer

Mr. Jitendra Kumar Sharma is Company Secretary and Compliance Officer of the Company. (w.e.f. 28.04.2025)

Investor Grievance Redressal

The number of complaints received and resolved to the satisfaction of investors during the year under review are as under:

S. No.	Particulars	Status of Complaints
1.	Complaints pending at beginning	0
2.	Complaints received during the financial year	1
3.	Complaints resolved during the financial year	1
4.	Complaints pending as on 31st March, 2026	0

Online Dispute Resolution Portal ('ODR Portal')

A mechanism to streamline and strengthen the existing dispute resolution in the Indian Securities Market, SEBI vide Master Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/ CIR/2023/195 dated July 31, 2023 (updated as on December 20, 2023 as amended from time to time), introduced the ODR Portal. This mechanism enhanced the degree of regulatory supervision by SEBI over disputes between aggrieved parties and the ODR order is binding on both the parties to the dispute.

Pursuant to above-mentioned circulars, the aggrieved party can initiate the mechanism through the ODR portal, after exercising the primary options to resolve the issue directly with the Company and through the SCORES platform.

IV. RISK MANAGEMENT COMMITTEE

During the year ended 31st March, 2026, pursuant to the provisions of Regulation 21 read with Para C of Part D of Schedule II of the Listing Regulations, the Board had constituted the Risk Management Committee (RMC) to frame, implement and monitor the risk management plan for the Company. The RMC assists the Board in fulfilling its oversight responsibility with respect to Risk Management.

Terms of Reference

The RMC has the following terms of reference:

- To formulate a detailed Risk Management Policy which shall include:
 - o A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
 - o Measures for risk mitigation including systems and processes for internal control of identified risks; and
 - o Business continuity plan.
- 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- To keep the Board 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.
- To discuss and review the status and financial implications of major litigations in India and overseas.
- To review the GMP compliances by manufacturing facilities of the Company in India and overseas.
- To review the status of inspections/observations by regulatory bodies and remedial measures taken.
- To review the financial impact of hedging, derivatives, forward contracts, etc. entered into by the Company.
- To review and report to the Board, such other matters as may be delegated by the Board from time to time

Composition, Meeting(s) and Attendance

The RMC of the Company comprises of 5 (Five) Directors, out of whom 2 (Two) Executive Director , 1 (One) Non- Executive – Non Independent Director and 2 (Two) are Non- Executive Independent Directors, and 4 (Four) Senior Executives of the Company.

As on 31st March 2026, the composition of the RMC was as follows:

S. No.	Name of Member	Category	Designation
1	Santosh Kumar Yadav	Chairperson	Chairman and Managing Director
2	Manohar Lal	Member	Non-Executive Director
3	Anju Devi	Member	Whole time Director
4	Ketan Sharma	Member	Non-Executive Independent Director
5	Deepak Batheja	Member	Non-Executive Independent Director
6	Sonu Gupta	Member	CFO
7	Jitendra Kumar Sharma	Member	Company Secretary
8	Vivek Chauhan	Member	Sr. GM- Senior General Manager (Purchase, Sales and Marketing)
9	Basti Ram Yadav	Member	Senior General Manager (Process Engineering – Maintenance)

During the year ended 31st March, 2026, the RMC met Twice. The requisite quorum was present in the said meetings. The gap between two meetings did not exceed 210 days.

The attendance record for the aforesaid meetings of the RMC during the Financial year 2025-26 are given below:

S. No.	Name of Member	No. of Meetings Held	No. of Meetings attended
1	Santosh Kumar Yadav	2	2
2	Manohar Lal	2	2
3	Anju Devi	2	1
4	Ketan Sharma	2	2
5	Deepak Batheja	2	2
6	Sonu Gupta	2	2
7	Jitendra Kumar Sharma	2	2
8	Vivek Chauhan	2	2
9	Basti Ram Yadav	2	2

Minutes of each of the meetings of the RMC are placed before the Board at its subsequent meetings.

The previous Annual General Meeting of the Company held on September 16, 2025, was attended by Mr. Santosh Kumar Yadav , Chairperson of the RMC Committee.

During the year, all the recommendations made by the RMC were accepted by the Board.

REPORT ON CORPORATE GOVERNANCE (Contd.)

V. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of the Company has constituted Corporate Social Responsibility (CSR) Committee, which is in line with the requirements of Section 135 of the Companies Act, 2013 read with applicable rules.

Composition, Meeting(s) and Attendance

The CSR Committee of Directors of the Company comprised of Three (3) Directors.

As on 31st March 2026, the composition of the CSR was as follows:

S. No.	Name of the Members	Category	Designation
1.	Mr. Santosh Kumar Yadav	Managing Director	Chairman
2.	Mr. Ketan Sharma	Non-Executive Independent Director	Member
3.	Mr. Deepak Batheja	Non-Executive Independent Director	Member

During the year ended 31st March, 2026, the Committee met once. The requisite quorum was present for the said meeting.

The attendance record for the aforesaid meeting of the CSR Committee during the Financial year 2025-26 are given below:

S. No.	Name of the Members	No. of Meeting held	No. of Meeting Attended
1.	Mr. Santosh Kumar Yadav	1	1
2.	Mr. Ketan Sharma	1	1
3.	Mr. Deepak Batheja	1	1

The Company Secretary acts as the Secretary to the CSR Committee.

Minutes of each of the meeting of the CSR Committee is placed before the Board at its meeting.

The Annual Report on CSR Activities for the Financial Year ended 31st March 2026 is annexed as Annexure – III of the Board's Report

4. SENIOR MANAGEMENT

Particulars of Senior Management Personnel (SMP) as on 31st March, 2026 and the changes in SMPs during the financial year 2025-26 are as follows:

S. No	Name	Designation
1.	Mr. Sonu Gupta	CFO (till 14.05.2026) Redesignated as General Manager (Finance) w.e.f. 15th May, 2026
2.	*Mr. Pawan Nawal	CFO (W.e.f. 15th May, 2026)
3.	Mr. Jitendra Kumar Sharma	Company Secretary & Compliance Officer
4.	Mr. Basti Ram Yadav	Senior General Manager (Process Engineering - Maintenance)
5.	Mr. Vivek Chauhan	Senior General Manager (Purchase, Sales and Marketing)
6.	Mr. Dushyant Kumar	Manager-HR & Admin
7.	Harish Kumar	General Manager (Coils shop)
8.	Shazad Khan	General Manager (Design and Development)

*After the closure of the financial year, Mr. Pawan Nawal appointed as CFO and KMP of the Company and designated as SMP w.e.f. 15th May, 2026

There is no change other than above in the senior management personnel during the financial year 2025-26.

5. DIRECTORS' REMUNERATION

As per the Nomination and Remuneration policy, the remuneration paid to the Executive Directors is recommended by the NRC and approved by the Board, subject to subsequent approval by shareholders at the general meeting and such other authorities, if any, as the case may be. The terms and conditions of the employment of Executive Directors are governed by the shareholders' approval taken in that regard, wherein all the details are provided in the explanatory statement. The remuneration is arrived at after considering various factors such as qualification, experience, expertise, prevailing industry standard and the financial position of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd.)

i) Executive Directors (Managing Director/ Whole Time Director)

The remuneration paid to Executive Directors commensurate with their respective roles and responsibilities. Remuneration paid to Executive Directors, subject to limits prescribed under Part II, Section I of Schedule V to the Companies Act, 2013, generally consists of fixed salary and perquisites in accordance with the policies of the Company.

The details of remuneration paid to Executive Directors are given below:

(Amount in Rupees)

Name of Directors	Salary	Perquisites	Total
Mr. Santosh Kumar Yadav	9000000	----	9000000
Mrs. Anju Devi	6000000	----	6000000

The service contract, notice period, retirement benefits, severance pay etc. are not applicable as per the terms and conditions of appointment of the above Directors.

ii) Non-executive Directors

Non-Executive Independent Directors are entitled to sitting fees as determined by the Board from time to time and subject to statutory provisions. The Non-Executive Independent Directors were paid a sitting fee of Rs. 10,000/- per Board meeting and Rs. 10,000/- per Committee meeting / meeting of Independent Directors. The sitting fees paid to the Non-Executive Independent Directors for FY 2025-26 was as follows:

(Amount in Rupees)

S. No.	Name of Directors	Sitting fees
1.	Mr. Ketan Sharma	280000
2.	Mr. Deepak Batheja	250000
3.	Ms. Srinivasa Rao Anasingaraju	170000
4.	Mrs. Meenakshi Sharma	90000

During FY 2025-26, there were no other pecuniary relationships or transactions between the Company and Non-Executive Directors.

Details of Performance linked Incentives

During the year under review, no performance linked incentives were paid to any Director of the Company

Details of Stock Options granted

No stock options was granted to any Director during the year under review and no convertible instruments are held by them.

6. GENERAL BODY MEETINGS

- I. The details as to the timings, date and venue of the last three Annual General Meetings (AGM) of the Company were held as under:

AGM	Financial Year	Date	Time	Location
8th AGM	2024-25	16th September, 2025	3:00 P.M.	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")
7th AGM	2023-24	28th September, 2024	4:00 P.M.	Plot No. F-46, 47, 48, 49, EPIP, RIICO Industrial Area, Neemrana, Distt. Alwar, Rajasthan-301705
6th AGM	2022-23	30th September, 2023	3:30 P.M.	Plot No. F-46, 47, 48, 49, EPIP, RIICO Industrial Area, Neemrana, Distt. Alwar, Rajasthan-301705

- II. Special Resolutions passed at the Annual General Meetings held during the last three financial years are given below:

AGM	Location
16th September, 2025	1. Approval of appointment of Mrs. Meenakshi Sharma (DIN: 11153602) as an Independent Director of the Company

REPORT ON CORPORATE GOVERNANCE (Contd.)

AGM	Location
28th September, 2024	-
30th September, 2023	-

III. Special Resolutions passed at the Extra-Ordinary General Meeting (EGM) held after the financial year 2025-26 are given below:

Date of EGM	Particulars of Special Resolutions
15th April, 2026	- Approval of Re-appointment of Mr. Santosh Kumar Yadav (DIN: 07789940) as Chairman and Managing Director of the Company - Approval of Re-appointment of Mrs. Anju Devi (DIN: 06858442) as Whole-Time Director of the Company - Approval of KRN Employee Stock Option Plan 2026 ("ESOP Plan") - Approval of grant of ESOP to the employees of the subsidiary companies etc. under KRN Employee Stock Option Plan 2026 ("the ESOP Plan") - Approval of Issuance of equity shares to investors by way of a qualified institutions placement for raising of funds

IV. During the Financial Year 2025-26 no special resolution was required to be passed by way of postal ballot.

V. No Special Resolution is proposed to be passed through Postal Ballot as on the date of this report.

7. MEANS OF COMMUNICATION

The Company recognizes communication as a key element to the overall Corporate Governance framework, and therefore emphasizes on prompt, continuous, efficient and relevant communication to all external constituencies.

Financial Results: The Quarterly, Half Yearly and Annual Results are regularly submitted to the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') within the time limit and are also put on the Company's Website <https://www.krnheatexchanger.com/>. The quarterly/half yearly/yearly results are published in the Financial Express and Business remedies edition.

Earnings calls and investor presentations: The Company's earnings calls with analysts and investors are held after the announcement of financial results. The audio recording and the transcript of the earnings call are posted on the website and intimated to the stock exchanges. Presentations made to the investors are filed with the stock exchanges and uploaded on the Company's website at <https://www.krnheatexchanger.com/>.

Official press releases & corporate announcements: Official press releases, corporate announcements and other material information is disseminated at NSE Electronic Application Processing System (NEAPS)/ BSE Listing Centre and in media. All other periodical filings like shareholding pattern, corporate governance report, financial results etc. are filed electronically on NSE NEAPS / BSE Listing Centre and are also uploaded on the Company's website at <https://www.krnheatexchanger.com/>.

Website: Members can also access corporate policies, Board committee charters, financial information, shareholding information, etc. in the Investor Section of the Company's website at <https://www.krnheatexchanger.com/>.

General Shareholders Information

(a)	Annual General Meeting -	Friday, 25th September, 2026 at 3:00 P.M.
	Date, Time and Venue	Through Video Conferencing/other Audio Visual Means (OAVM)(Deemed Venue for Meeting: Registered office at Plot No. F-46, 47, 48, 49, EPIP, RIICO Industrial Area, Neemrana, Distt. Alwar, Rajasthan-301705
(b)	Financial Year	April 01, 2025 to March 31, 2026
(c)	Dividend Payment Date	No dividend is proposed to be paid for the Financial Year ended March 31, 2026.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(d)	Listing on Stock Exchanges & Payment of Listing Fees	Equity Shares of the Company are listed on following Stock Exchanges: National Stock Exchange of India Limited, (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Mumbai – 400 051 BSE Limited, (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Annual listing fee for the Financial Year 2025-26 has been paid to NSE and BSE
(e)	Suspension of Trading	The Securities of the Company were not suspended from trading on Stock Exchanges during the year under review.
(f)	Stock Code/Symbol	National Stock Exchange of India Limited (NSE) KRN BSE Limited (BSE) 544263 ISIN INEQ03J01015

(g) Registrars and Share Transfer Agents (RTA):

Bigshare Services Private Limited

Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, India

Contact No. + 91-22-6263 8200

Email ID: ipo@bigshareonline.com, investor@bigshareonline.com

Website: www.bigshareonline.com

(h) Share Transfer System:

Pursuant to Regulation 40 of Listing Regulations, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. Transfers of equity shares in electronic form are effected through the depositories without any involvement of the Company.

(i) Distribution of Shareholding:

a) Distribution of shareholding as on March 31, 2026:

Sr. No	Shareholding of Nominal Shares	Shareholders	% of total	Total Shares	% of total
1	1 - 5000	82681	97.5403	38599590	6.2101
2	5001 - 10000	1170	1.3803	8900750	1.4320
3	10001 - 20000	462	0.5450	6580680	1.0587
4	20001 - 30000	142	0.1675	3571880	0.5747
5	30001 - 40000	72	0.0849	2545690	0.4096
6	40001 - 50000	40	0.0472	1861450	0.2995
7	50001 - 100000	85	0.1003	6440540	1.0362
8	100001 & Above	114	0.1345	553065420	88.9794
	Total	84766	100	621566000	100

(j) Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialized form except 1(one) Share and are available for trading with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders can hold the Company's shares with any of the depository participants, registered with the depositories. As on 31st March 2026, approx. 100% of the Company's Equity Share Capital are in dematerialised form.

The Equity shares of the Company are regularly traded on the Stock Exchanges i.e. on BSE and NSE.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- (k) The Company has no outstanding Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or warrants or any convertible instruments, hence there is no likely impact on equity.

(l) Commodity price risk or foreign exchange risk and hedging activities:

There is no such activity entered during the year ended 31st March 2026.

(m) Plant Locations

The Company have two manufacturing & processing plants including warehouse situated at Plot No. F-46, 47, 48, 49, EPIP, RIICO Industrial Area, Neemrana, Distt. Alwar, Rajasthan-301705 & Plot No. F-44, EPIP, RIICO Industrial Area, Neemrana, Distt. Alwar, Rajasthan-301705

(n) Address for correspondence

Registered Office: Plot No. F-46, 47, 48, 49, EPIP, RIICO Industrial Area, Neemrana, Distt. Alwar, Rajasthan-301705, Contact No. 9257025440

(o) Credit Ratings obtained by the Company for the financial year ended March 31, 2026:

Credit Rating Agency	Rating Assigned on (details of instrument)	Type of Rating	Credit Rating (actual rating provided)	Outlook (actual outlook provided)
CRISIL Ratings Limited	Bank Facilities	Long Term	Crisil A-	Stable

8. Other Disclosures Pursuant to Schedule V (C) (10) of the Listing Regulations:

- (a) During the year under review, there were no materially significant related party transactions which may have potential conflict with the interests of the Company at large.
- (b) The equity shares of the Company were listed on 3rd October 2024. Since the date of listing, the Company has received SOP fines from the NSE and BSE for non-compliance with the provisions of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Apart from the aforesaid instances, no penalties, restrictions, or strictures have been imposed on the Company by SEBI, Stock Exchanges, or any other statutory authority in relation to any matter concerning the capital market.
- (c) The Company's Whistle Blower/ Vigil Mechanism Policy is in line with the provisions of the Section 177 of the Act and as per Regulation 22 of the Listing Regulations. This Policy establishes 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. The said mechanism also provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. During the financial year 2025-26, no personnel of the Company was denied access to the Audit Committee.

The said Whistle-Blower Policy is available on the website of the Company at <https://www.krnheatexchanger.com/>.

- (d) The Company has complied with all the mandatory requirements of Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46(2) of the SEBI Listing Regulations for the financial year ended March 31, 2026 and are disclosed in this report. The Company has also adopted and implemented the non-mandatory requirements prescribed under the Listing Regulations to the extent considered appropriate
- (e) The Company adopted a Policy for Determining Material Subsidiaries of the Company, pursuant to Regulation 16(1)(c) of the SEBI Listing Regulations. This policy is available on the Company's website at <https://krnheatexchanger.com/wp-content/uploads/2024/05/Policy-on-Material-Subsidiary.pdf>.
- (f) Pursuant to Regulation 23 of the Listing Regulations, the Board of Directors formulated a Policy on Related Party Transactions which can be accessed from the Company's website at <https://krnheatexchanger.com/wp-content/>

REPORT ON CORPORATE GOVERNANCE (Contd.)

uploads/2024/05/Related-Party-Transaction-Policy.pdf . This policy deals with the review and approval of related party transactions.

All transactions entered into with related parties as defined under the Act and Regulation 23 of the SEBI Listing Regulations, as amended, during the year under review were on an arm's length pricing ('ALP') basis and in the ordinary course of business ('OCB'). These have been approved by the Audit Committee. Certain transactions repetitive in nature were approved through omnibus route by the Audit Committee.

Related party transactions are disclosed as a part of the Notes to Accounts section of the Financial Statements.

- (g) There is no commodity price risk or foreign exchange risk and hedging activities.
- (h) A certificate from M/s Deepak Arora & Associates (C.P. No. 3641), Practicing Company Secretaries certifying that none of the directors have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI or Ministry of Corporate Affairs or any such other statutory authority. The same is annexed to this report.

(i) **Utilization of funds raised through preferential allotment or Qualified Institutions Placement**

In accordance with Regulation 32(7A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is confirmed that the Company did not undertake any capital raising activities, including public issues, rights issues, preferential issues, or qualified institutional placements, during the financial year ended 31 March 2026.

Subsequent to the closure of the financial year, the Company undertook a Qualified Institutional Placement (QIP) for raising capital in accordance with the applicable provisions of the SEBI Regulations.

(j) **Disclosure on acceptance of recommendations made by Board Committees**

Throughout the Financial Year, the Board consistently accepted and acted upon all recommendations from its Committees, as mandated by applicable regulations. There were no instances of deviation or non-consideration of recommendations.

(k) **Total Fee paid to the Statutory Auditors**

The details of total fees for all services paid by the Company and its subsidiaries during the year 2025-26, on a consolidated basis, to the Statutory Auditors and all entities in the network firm / network entity of which the Statutory Auditor is a part, are as follows:

Type of service	Amount in Lakhs
	FY 2025-26
Statutory Audit Fee	9.00
Total (Excluding taxes)	9.00

(l) **Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company maintains a strong commitment to a safe and inclusive workplace, adhering to the POSH Act. An Internal Complaints Committee (ICC) is in place, and a gender-neutral policy governs the Prevention of Sexual Harassment. Continuous training programs reinforce awareness.

Particulars	Numbers
Number of complaints pending at the beginning of the financial year	NIL
Number of complaints filed during the financial year	NIL
Number of complaints disposed of during the financial year	NIL
Number of complaints pending as on at the end of the financial year	NIL

The Annual Report of ICC was duly submitted as per the prescribed timelines.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(m) Loan and Advances by the Company and its Subsidiaries

Details of loans and advances, guarantees or investments made by the Company and its Subsidiaries under Section 186 of the Act during the financial year, are appended in the notes of the financial statements

(n) Material Subsidiary

The requisite details of material subsidiaries of the Company during the year, including the date and place of incorporation and the name and date of appointment of the statutory auditors of the subsidiaries are given below:

S.No.	Name of Material Subsidiary	Date of Incorporation	Place of Incorporation	Name of the statutory auditors	Date of appointment of the statutory auditors
1	KRN HVAC Products Private Limited	07-04-2023	Rajasthan	Keyur Shah & Associates	10-09-2024

- (o) The Company has complied with the discretionary requirement as specified in part E of schedule II pertaining to having unmodified audit opinion report and reporting of Internal Auditors directly to the Audit Committee.

(p) DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). During the financial year, the Company does not have any shares in the Demat suspense account or unclaimed suspense account.

(q) Details of Agreements as per clause 5A of paragraph A of Part A of Schedule III of these regulations

The Company has not entered into any agreement as referred in clause 5A of paragraph A of Part A of Schedule III of the Listing Regulations.

- (r) The Company has complied with all Corporate Governance requirements as specified in Regulations 17 to 27, and clauses (b) to (i) of Sub-regulation 2 of Regulation 46 of the Listing Regulations.

9. DECLARATION SIGNED BY THE MANAGING DIRECTOR STATING THAT THE MEMBERS OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL HAVE AFFIRMED COMPLIANCE WITH THE CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors of the Company has approved a 'Code of Conduct and Business Ethics' (Code) for all Board members, Key Managerial Personnel and Senior Management Personnel. All the members of the Board and Senior Management Personnel have affirmed the compliance of the same. A copy of the Code is available on the website of the Company viz. <https://krnheatexchanger.com/wp-content/uploads/2024/05/Code-of-Conduct-for-Directors-and-Senior-Management-Personnel-Policy.pdf>.

A confirmation from the Mr. Santosh Kumar Yadav, Chairman and Managing Director of the Company, affirming Compliance of the Code of Conduct by the members of the Board/ Senior Management forms part of this report.

10. CEO/ CFO Certification (Compliance Certificate)

As required under Regulation 17(8) read with Schedule II Part B of the SEBI Listing Regulations, a Compliance Certificate duly signed by Mr. Santosh Kumar Yadav, Chairman & Managing Director and Mr. Sonu Gupta, Chief Financial Officer of the Company was placed before the Board of Directors along with the Annual Financial Statement for the year ended March 31, 2026 at its meeting held on May 14, 2026. The said Certificate is annexed to this report.

11. Secretarial Audit & Secretarial Compliance Report

In terms of Regulation 24A of the SEBI Listing Regulations, Secretarial Audit Report for the Financial Year ended on 31st March, 2026 has been issued by M/s SMD & Company, (C.P. No. 26611), Practicing Company Secretaries. The aforesaid

REPORT ON CORPORATE GOVERNANCE (Contd.)

Secretarial Audit report forms part of the Director's Report. The Annual Secretarial Compliance Report for FY26 in compliance with Regulation 24A of the SEBI Listing Regulations issued by M/s SMD & Company, (C.P. No. 26611), Practicing Company Secretaries was duly submitted to the Stock Exchanges and the same is available on the website of the Company at <https://krnheatexchanger.com/investors/>.

12. Certificates from Practicing Company Secretary.

A certificate given by M/s Deepak Arora & Associates (C.P. No. 3641), Practicing Company Secretaries, regarding compliance of conditions of Corporate Governance is annexed to this report.

Non-compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of Para C of Schedule V of the Listing Regulations

The Company fully complied with all corporate governance reporting requirements outlined in sub-paragraphs (2) to (10) of Para C of Schedule V of the Listing Regulations. No instances of non-compliance were reported.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V, Para C, Clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(CIN: L29309RJ2017PLC058905)

Plot No. F-46, 47, 48, 49, EPIP, RIICO Industrial Area, Neemrana,

Distt. Alwar, Rajasthan-301705

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **KRN HEAT EXCHANGER AND REFRIGERATION LIMITED** (hereinafter referred to as '**the Company**'), 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 Sub Clause (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) 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, Ministry of Corporate Affairs, or any such other Statutory Authority.

List of Directors as on March 31, 2026

Sr. No.	Name of Director	DIN	Date of Appointment	Designation
1	MR. SANTOSH KUMAR YADAV	07789940	25/08/2017	Managing Director
2	MRS. ANJU DEVI	06858442	25/08/2017	Whole-Time Director
3	MR. MANOHAR LAL	10040507	14/03/2023	Non-Executive Director
4	MR. KETAN SHARMA	10541058	20/03/2024	Independent Director
5	MR. DEEPAK BATHEJA	10555193	20/03/2024	Independent Director
6	MR. SRINIVASA RAO ANASINGARAJU	10541655	20/03/2024	Independent Director
7	MRS. MEENAKSHI SHARMA	11153602	18/06/2025	Independent Director

Ensuring the eligibility of 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 DEEPAK ARORA & ASSOCIATES

COMPANY SECRETARIES

ICSI Unique Code P2001RJ080000

CS HEENA LAKHANI

PARTNER

ACS No.: 53279

CP No.: 24299

Place: Jaipur

Date: 12.08.2026

UDIN: A053279H001090150



DECLARATION OF CODE OF CONDUCT

**(Pursuant to Regulation 34(3) and Schedule-V Para-D of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members,

KRN Heat Exchanger and Refrigeration Limited

Plot No. F-46,47,48,49, EPIP, RIICO Industrial Area,
Neemrana, Rajasthan-301705

I, Santosh Kumar Yadav, Managing Director of the Company, do hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management Personnel as laid down by the Company in respect of the financial year 2025-26.

For KRN Heat Exchanger and Refrigeration Limited

Date: 12.08.2026
Place:Neemarana

Santosh Kumar Yadav
Chairman & Managing Director
DIN: 07789940

MD & CFO CERTIFICATION

(Under Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Board of Directors
KRN Heat Exchanger and Refrigeration Limited
Plot No. F-46,47,48,49, EPIP, RIICO Industrial Area,
Neemrana, Rajasthan-301705

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of **KRN Heat Exchanger and Refrigeration Limited** (the “Company”), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement (both standalone and consolidated) for the year ended 31st March 2026 and that to the best of our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- (b) We further state that, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the quarter and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

(Santosh Kumar Yadav)
Chairman & Managing Director
DIN: 07789940

(Sonu Gupta)
Chief Financial Officer

Date: 14.05.2026
Place: Neemrana



COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

(Pursuant to Regulations 17 to 27, clauses (b) to (i) and (t) of sub regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(CIN: L29309RJ2017PLC058905)

Plot No. F-46, 47, 48, 49, EPIP, RIICO Industrial Area, Neemrana,

Distt. Alwar, Rajasthan-301705

1. We have examined the compliance of the conditions of Corporate Governance by **KRN HEAT EXCHANGER AND REFRIGERATION LIMITED** ("**the Company**") for the year ended March 31, 2026 ("the Review Period") as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Management's Responsibility for compliance with the conditions of SEBI Listing Regulations

2. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company
4. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with the Corporate Governance requirements by the Company.
5. We have conducted our examination in accordance with the **Guidance Note on Corporate Governance Certificate** and the **Guidance Manual on Quality of Audit & Attestation Services** issued by the **Institute of Company Secretaries of India (ICSI)**.

Opinion

6. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in 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.

Restriction on Use

7. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

FOR DEEPAK ARORA & ASSOCIATES
COMPANY SECRETARIES
ICSI Unique Code P2001RJ080000

CS HEENA LAKHANI
PARTNER

FCS No.: 53279

CP No.: 24299

UDIN: A053279H001090251

Place: Jaipur

Date: 12.08.2026

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

Sr. No.	Particulars	FY 2023-2024
1	Corporate Identity Number (CIN) of the Listed Entity	L29309RJ2017PLC058905
2	Name of the Listed Entity	KRN HEAT EXCHANGER AND REFRIGERATION LIMITED
3	Year of incorporation	2017
4	Registered office address	Plot No. F-46,47,48,49, EPIP, RIICO Industrial Area Neemrana, Alwar, Rajasthan, India, 301705
5	Corporate address	Plot No. F-46,47,48,49, EPIP, RIICO Industrial Area Neemrana, Alwar, Rajasthan, India, 301705
6	E-mail	cs@krnheatexchanger.com
7	Telephone	+91 9257025440
8	Website	www.krnheatexchanger.com
9	Financial year for which reporting is being done	FY2025-26
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE), National Stock Exchange of India Limited (NSE)
11	Paid-up Capital	₹ 654,584,860
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Jitendra Kumar Sharma, Company Secretary & Compliance Officer Telephone: 9257025440 Email id: jitendra.sharma@krnheatexchanger.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Consolidated Basis
14	Name of assurance provider	Not Applicable
15	Type of assurance obtained	Not Applicable

II. Products/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	Electrical equipment, General Purpose and Special purpose Machinery & equipment, Transport equipment	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sr. No.	Product/Service	NIC Code	% of total Turnover Contributed
1.	Revenue from sale of Heat Exchangers and HVAC Products	27900	100%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	5	6*	11
International	0	0	0

*6 service centers

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	6
International (No. of Countries)	0

b. What is the contribution of exports as a percentage of the total turnover of the entity? 16.57%

c. A brief on types of customers

KRN Group serves OEMs in the Heating, Ventilation, Air Conditioning, and Refrigeration (HVAC&R) industry. We manufacture and export aluminium/copper fins, copper tubes, heat exchangers, water coils, and condenser and evaporator coils. Our customer base includes both domestic and international OEMs, reflecting our strong presence in global markets.

IV. Employees

20. Details as 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)
EMPLOYEES						
1	Permanent (D)	170	165	97.06%	5	2.94%
2	Other than Permanent (E)	0	-	-	-	-
3	Total employees (D + E)	170	165	97.06%	5	2.94%
WORKERS						
4	Permanent (F)	404	399	98.76%	5	1.24%
5	Other than Permanent (G)	938	789	84.12%	149	15.88%
6	Total workers (F + G)	1,342	1,188	88.52%	154	11.48%

b. Differently abled Employees and workers:

Sr. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1	Permanent (D)	NIL				
2	Other than Permanent (E)					
3	Total differently abled employees (D + E)					
DIFFERENTLY ABLED WORKERS						
4	Permanent (F)	NIL				
5	Other than Permanent (E)					
6	Total differently abled workers (F + G)					

21. Participation/Inclusion/Representation of women

Sr. No.	Total	No. and percentage of Females	
	(A)	No. (B)	% (B / A)
Board of Directors	7	2	28.57%
Key Management Personnel	3	1	33.33%

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

22. Turnover rate for permanent employees and workers

Particular	FY 2025-26			FY 2024-25			FY 2023-24		
	(Turnover rate in current FY)			(Turnover rate in previous FY)			(Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	35.46%	25.00%	35.17%	25.26%	NIL	24.74%	30.14%	NIL	29.73%
Permanent Workers	13.14%	40.00%	13.41%	41.35%	-	41.35%	55.07%	-	55.07%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business responsibility initiatives of the listed entity? (Yes/No)
1	KRN HVAC Products Private Limited	Subsidiary	100	Yes
2	Thermotech Research and Laboratory Private Limited	Subsidiary	100	Yes

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes

a. Turnover (in ₹)	₹ 6,76,23,00,315
b. Net worth (in ₹)	₹ 5,66,68,01,403

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)*	FY 2025-26			FY 2024-25		
		Current Financial Year			Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	-	0	0	-
Investors (other than shareholders)	Yes	0	0	-	0	0	-
Shareholders	Yes	1	0	-	99*	0	-
Employees and workers	Yes	0	0	-	0	0	-
Customers	Yes	46	0	-	27	0	-
Value Chain Partners	Yes	46	0	-	27	0	-
Other (please specify)	-	-	-	-	-	-	-

*These are ASBA-related queries pertaining to the IPO

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

* Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	
Stakeholder group from whom complaint is received	Web Link for Grievance Policy
Communities	Web link: https://krneatexchanger.com/policies/
Investors (other than shareholders)	
Shareholders	
Employees and workers	
Customers	
Value Chain Partners	
Other (please specify)	

Note: Grievance Redressal Mechanism/Policy is available on company's intranet for relevant stakeholders

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy management	Risk	Energy management is important for KRN to reduce operational costs, improve efficiency, and lower its environmental footprint. As a heat exchanger manufacturer, energy-intensive processes demand optimisation to stay competitive. Efficient energy use supports compliance with evolving regulations, meets client sustainability expectations, and enhances long-term business resilience while contributing to KRN's overall ESG performance.	The company enhances operational efficiency through regular monitoring and process controls. Additionally, KRN has implemented onsite solar power generation to reduce reliance on fossil fuel-based electricity and lower its overall carbon footprint. Also, other measures include adopting energy-efficient equipment such as IE4 grade motor variable frequency drive (VFD), LED lights, and energy-efficient fans and appliances.	Negative
2	Product design	Opportunity	Well-designed products reduce resource consumption, enhance customer satisfaction, and meet evolving regulatory and environmental standards. It also supports innovation and competitiveness in global markets where clients prioritize sustainable and high-performance engineering solutions.		Positive

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Product quality and safety	Risk	Any defects or failures can lead to operational disruptions, client dissatisfaction, reputational damage, and potential legal liabilities. As an OEM supplier, maintaining strict quality control and safety standards is critical to meeting customer expectations and industry regulations.	KRN combines pre-production 3D simulation with 100% automated helium leak and pressure-burst testing directly on shop floors. Operational alignment with Kaizen principles and vertical integration of critical components prevent material defects before distribution. Adaptively, KRN leverages its dedicated testing facility, the Thermotech Research Laboratory (TRL), equipped with a 55 TR capacity to validate thermal performance and qualify systems running low-GWP refrigerants like R32 and R290. This rigorous laboratory testing maintains full compliance with global safety certifications including ISO 9001, UL-207, and CE.	Negative
4	Health, safety and well-being	Risk	Ensuring a safe and healthy work environment is essential for employee retention, productivity, and regulatory compliance. Any lapse can lead to workplace injuries, legal liabilities, operational downtime, and reputational damage.	KRN mitigates health and safety risks through regular workplace safety assessments, implementation of strict safety protocols, and continuous employee training and awareness programs. The company ensures all personnel are equipped with appropriate health and safety kits and protective gear. These measures help prevent accidents, promote a safe work culture, and ensure compliance with occupational health and safety regulations.	Negative

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Human rights	Risk	Upholding human rights standards is vital for ensuring stakeholder trust and supporting long-term responsible growth. Non-compliance such as unsafe conditions or discriminatory practices, can result in reputational damage, regulatory penalties, and operational disruption.	KRN addresses human rights risks through clearly defined policies that promote ethical labour practices, non-discrimination, and safe working conditions. The company conducts regular audits and assessments to monitor compliance across its operations and supply chain. Training and awareness programs are implemented for employees and partners to reinforce human rights standards, ensuring accountability and alignment with national and international regulations.	Negative
6	Responsible supply chain	Risk	As an OEM, KRN plays a key role in the broader supply chain, and any lapses in vendor ethics, quality, or reliability can disrupt operations and harm client trust. Growing ESG expectations also demand greater transparency, compliance, and sustainability throughout the supply chain.	KRN manages supply chain risks by conducting regular supplier assessments, implementing training and awareness programs, and promoting responsible sourcing practices. The company considers key sustainability parameters such as environmental compliance, labor practices, and ethical standards when selecting and engaging with vendors, ensuring alignment with its ESG goals and maintaining a resilient, transparent, and accountable supply chain.	Negative

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Business Ethics and governance	Risk	KRN must uphold high ethical standards and regulatory adherence to maintain client confidence and market credibility. Robust governance practices are essential to ensuring accountability, transparency, and sustainable business operations. Any non-compliance with laws or ethical lapses can result in legal action, financial penalties, and damage to reputation.	KRN mitigates business ethics and compliance risks through robust governance frameworks, a formal Code of Conduct, and strict adherence to regulatory standards. Regular employee training promotes ethical awareness and accountability. The company also conducts internal audits, risk assessments, and compliance monitoring to identify and address potential issues, ensuring transparent, responsible, and legally compliant business operations across all levels.	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

I. Details of the listed entity

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Sr. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1. a	Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No/NA)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b	Has the policy been approved by the Board? (Yes/No/NA)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c	Web Link of the Policies, if available	Web link: https://krnheatexchanger.com/policies/								
2	Whether the entity has translated the policy into procedures. (Yes / No/ NA)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the enlisted policies extend to your value chain partners? (Yes/ No/NA)	Y	Y	Y	Y	Y	Y	Y	Y	Y
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.	-	- ISO 9001 - IS 11329 - CE certified - UL 207 - ZED certified	ISO 45001	-	-	ISO 14001	-	-	-

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Sr. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	KRN is dedicated to integrating environmental stewardship and social responsibility into its operations. We aim to reduce our carbon footprint, adopt renewable energy, manage resources responsibly, and foster a culture of sustainability, creating lasting value for our stakeholders and a positive impact on the planet.								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Not applicable								

Governance, leadership and oversight

7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements		
	Dear Stakeholders, KRN remains steadfast in advancing sustainable growth by embedding Environmental, Social, and Governance (ESG) principles into the core of our operations. Building on our ongoing energy transition initiatives—such as onsite solar generation, IE4 grade motors, and LED lighting—we continue to expand our environmental stewardship with a strong focus on circular water management. To minimize our ecological footprint, we have installed a new Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP). By recycling wastewater and using 100% of our treated water to nourish surrounding green spaces and plants across our premises, we are driving water positivity and preserving vital natural resources. Solar panels contribute to minimising our energy footprint ensuring we continue to deliver positive impact on environment. Our commitment to social responsibility prioritizes the safety, health, and well-being of our workforce through rigorous workplace assessments, continuous training, and robust safety protocols. We maintain uncompromising product quality and ethical standards across our supply chain, ensuring human rights and fair labour practices are consistently upheld. In governance, we operate with unyielding integrity, guided by a strong Code of Conduct, transparent compliance frameworks, and proactive risk management systems. Through these continuous improvements across all ESG pillars, KRN is dedicated to delivering enduring value for our planet, our people, and our stakeholders.		
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).		
	Santosh Kumar Yadav, Chairman and Managing Director DIN: 07789940		
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No/ NA).	Yes	
	If Yes please provide details		
	Currently, the Group does not have a specified Committee of the Board/Directors responsible for decision making on sustainability related issues. However, respective areas of the ESG and Sustainability are overseen currently by the Directors, Key Managerial Personnel and other designated personnel from different departments		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

10 Details of Review of NGRBCs by the Company

	Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee								
		P1	P2	P3	P4	P5	P6	P7	P8	P9
a.	Performance against above policies and follow up action	Yes, by Board of Directors, Key Managerial Personnels and other designated personnel from different departments depending upon the respective responsibilities.								
b.	Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances									
	Subject for Review	Frequency (Annually / Half yearly /Quarterly/ Any other-please specify)								
		P1	P2	P3	P4	P5	P6	P7	P8	P9
a.	Performance against above policies and follow up action	Annually								
b.	Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	Quarterly								
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No).	N	N	N	N	N	N	N	N	N
	If yes, provide name of the agency.	-	-	-	-	-	-	-	-	-
12	If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:	P1	P2	P3	P4	P5	P6	P7	P8	P9
	The entity does not consider the Principles material to its business (Yes/No)	N.A.								
	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
	The entity does not have the financial or/ human and technical resources available for the task (Yes/No)									
	It is planned to be done in the next financial year (Yes/No)									
	Any other reason (please specify)									

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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.

(This principle focuses on the importance of ethical conduct and transparency in business operations. Companies should follow ethical business practices and adhere to high standards of integrity. They should also be transparent about their activities, operations, and financial reporting, as well as be accountable for their actions)

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	9	• Corporate governance	100%
Key Managerial Personnel	9	• Risk management • SEBI regulations	100%
Employees other than BOD and KMPs	40	Trainings Covered: • Process & Product Knowledge: Brazing, Fin Processing, Hairpin Bending, Expanding, Lacing, Coil Bending & Oven Process • Quality & Inspection: Incoming, In-Process, Final & Visual Inspection, Leak Testing, CAPA, PPAP, Control Plan, SPC, MSA, PFMEA, 5 Core Tools & 7 QC Tools • Workplace & Safety: 5S, Kaizen, Waste Management, Fire & Safety, First Aid & Mock Drill • Compliance: Code of Conduct, Anti-Harassment & POSH • Instrument Knowledge	100%
Workers	40		100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

Monetary					
Particular	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR) (For Monetary Cases only)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine*	Principle 1	NSE	₹ 82,000	Non-compliance of Regulation 21 under SEBI Listing Regulations	Yes
		BSE	₹ 82,000		Yes
Settlement	NIL	-	-	-	-
Compounding fee	NIL	-	-	-	-

*There is no impact on financials, operations or other activities of the Company. The Company has submitted the application for the Waiver of fine, the response from NSE & BSE is awaited.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Non Monetary				
Particular	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NIL		N.A.	
Punishment	NIL			

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.

Case Details	Name of the regulatory/enforcement agencies/ judicial institutions
The Company received a notice from the National Stock Exchange of India Limited (NSE) vide Notice No. NSE/LIST-SOP/COMB/FINES/0945 dated 29 August 2025, imposing a fine for non-compliance with Regulation 21 of the SEBI Listing Regulations. The Company has submitted an application seeking waiver of the fine, and the response from NSE is awaited. There is no impact on the financials, operations or other activities of the Company.	National Stock Exchange of India Limited (NSE)
The Company received a notice from BSE Limited vide Notice No. SOP-CReview/ QTR-June 2025/29.08.2025 dated 29 August 2025, imposing a fine for non-compliance with Regulation 21 of the SEBI Listing Regulations. The Company has submitted an application seeking waiver of the fine, and the response from BSE is awaited. There is no impact on the financials, operations or other activities of the Company.	BSE Limited

4. Does the entity have anti-corruption or anti-bribery policy? (Yes/ No) Yes

If Yes, provide details in brief

At KRN, we are committed to conducting our business with the highest standards of integrity, ethics, and transparency. We maintain a zero-tolerance policy towards bribery and corruption in any form. All directors and employees are required to undergo regular training on this subject. Additionally, our Whistle Blower mechanism enables employees, directors, and third parties to report any unethical practices, including bribery and corruption, to the Whistle Blower Committee or the Chairman of the Audit Committee for appropriate action.

If Yes, Provide a web link to the policy, if available -Web link anti corruption or anti bribery policy is place

KRN has an Anti-Corruption and Bribery Policy, which is available on the Group's Intranet

5. Number of Directors/ KMPs/ employees/ workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Particular	FY 2025-26	FY 2024-25
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

Case Details	FY 2025-26		FY 2024-25	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

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.

NA

8. Number of days of accounts payables in the following format:

Particular	FY 2025-26	FY 2024-25
Number of days of accounts payables	38	58

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2025-26	FY 2024-25
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	8.75%	5.06%
	b. Number of trading houses where purchases are made from	112	109
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	88.01%	67.15%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	3.71%	3.52%
	b. Number of dealers / distributors to whom sales are made	4	15
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	100%	98.95%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	37.51%	2.30%
	b. Sales (Sales to related parties / Total Sales)	25.80%	2.97%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	100%	100%
	d. Investments	100%	100%

Leadership Indicators

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No)

Yes

If Yes, provide details of the same.

The Group has established processes to identify, manage, and avoid conflicts of interest involving the Board of Directors and Senior Management. A comprehensive Code of Conduct and Business Ethics is in place, outlining clear guidelines and disclosure mechanisms for potential conflicts. Additionally, all Board members and Senior Management are required to submit an annual declaration confirming compliance with these standards.

Policy Weblink: <https://krnheatexchanger.com/wp-content/uploads/2024/05/Code-of-Conduct-for-Directors-and-Senior-Management-Personnel-Policy.pdf>

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe.

(This principle highlights the importance of sustainable and safe production practices. Companies should strive to minimize the environmental impact of their activities and ensure that their products and services are safe for consumers and the environment.)

Essential Indicator

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.	Particular	FY 2025-26	FY 2024-25	Details of improvements in environmental and social impacts
1	R&D	Nil	Nil	-
2	Capex	Nil	Nil	-

- 2 a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)** Yes
- b. **If yes, what percentage of inputs were sourced sustainably?** 100%

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)	KRN is an OEM supplier with no final product to reclaim; site waste is safely disposed of and sent for third-party recycling.
(b)	E-waste	Not applicable
(c)	Hazardous waste	The company does not generate material hazardous waste
(d)	other waste	Not applicable

4. a **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No)** No
- b **If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?**

N.A.

- c **If not, provide steps taken to address the same**

KRN is a component manufacturer for OEMs, and any waste generated from the produced parts is managed by the respective OEMs in accordance with their waste management policies.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

(This principle emphasizes the importance of employee well-being. Companies should provide safe and healthy working conditions, fair wages, and opportunities for career development to all employees in their value chains, including suppliers, contractors, and temporary workers.)

Essential Indicators

- 1 a. **Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	165	165	100%	165	100%	N.A.	-	0	-	0	-
Female	5	5	100%	5	100%	0	-	N.A.	-	0	-
Total	170	170	100%	170	100%	-	-	-	-	-	-

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Other than permanent employees											
Male	0	N.A.									
Female	0										
Total	-										

1. b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	399	399	100%	399	100%	N.A.	-	0	-	0	-
Female	5	5	100%	5	100%	0	-	N.A.	-	0	-
Total	404	404	100%	404	100%	-	-	-	-	-	-
Other than permanent employees											
Male	789	789	100%	789	100%	N.A.	-	0	-	0	-
Female	149	149	100%	149	100%	0	-	N.A.	-	0	-
Total	938	938	100%	938	100%	-	-	-	-	-	-

1. c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	FY 2025-26	FY 2024-25
Cost incurred on well- being measures as a % of total revenue of the company	0.07%	0.12%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2025-26			FY 2024-25		
	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.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	100%	100%	Y	100%	100%	Y
Others – please specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes.

The premises / offices of KRN Group are largely accessible to differently abled employees and contractors, barring some of

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

the locations, where it is practically not possible. However, the Group is attempting to make improvements to the current system.

If not, whether any steps are being taken by the entity in this regard.

N.A.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016?

Yes.

If so, provide a web-link to the policy.

KRN has an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016, which is available on Company's Intranet and accessible to all employees.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers*	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	NA	NA	NA	NA
Female	NA	NA	NA	NA
Total	-	-	-	-

* None of our other employee or worker have claimed parental leaves during FY2025 & FY2026

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Category	Yes/No	If Yes, then give details of the mechanism in brief
Permanent Workers	Yes	Yes, KRN is dedicated to offering a secure and encouraging workplace to its employees, wherein it has formulated below mentioned policies that allows the employees to report any type of suspected or actual misconduct within the organization: • Whistle Blower Policy/Vigil Mechanism • POSH • Grievance Redressal Policy Further, there is a dedicated Grievance Redress Committee, which is responsible for addressing the concerns and grievances of both internal (employees) as well as external stakeholders (including contractors). Additionally, employees can also raise their grievances to their respective HODs or Head-Human Resources Officer respectively
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2025-26			FY 2024-25		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C.)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/c)
Total Permanent employees						
Male	165	0	-	117	0	-
Female	5	0	-	3	0	-
Total Permanent Workers						
Male	399	0	-	88	0	-
Female	5	0	-	0	0	-

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

8. Details of training given to employees and workers:

Category	FY 2025-26					FY 2024-25				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		Number (B)	% (B / A)	Number (C)	% (C / A)		Number (E)	% (E / D)	Number (F)	% (C / D)
Employees										
Male	165	165	100%	165	100%	117	117	100%	117	100%
Female	5	5	100%	5	100%	3	3	100%	3	100%
Total	170	170	100%	170	100%	120	120	100%	120	100%
Workers										
Male	1,188	1,188	100%	1,188	100%	648	648	100%	648	100%
Female	154	154	100%	154	100%	0	-	-	-	-
Total	1,342	1,342	100%	1,342	100%	648	648	100%	648	100%

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

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. (B)	% (B / A)	Total (D)	No. (E)	% (E / D)
Employees						
Male	165	165	100%	117	117	100%
Female	5	5	100%	3	3	100%
Total	170	170	100%	120	120	100%
Workers						
Male	399	399	100%	88	88	100%
Female	5	5	100%	0	-	-
Total	404	404	100%	88	88	100%

10. Health and safety management system

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No)

Yes

If Yes, the Coverage such systems?

The occupational health and safety system covers all employees, including contractual staff. It encompasses risk assessments, safety training, incident reporting, and provision of personal protective equipment.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Standard Operating Procedures (SOPs) are established for all operations. Before commencing any task, potential workplace hazards are identified, and risk assessments are carried out. Employees undergo appropriate training based on these assessments. The implementation of 5S safety forms an integral part of hazard identification and risk management.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks? (Yes/ No)

Yes

Employees and workers can report safety concerns to their supervisors or the designated safety officer. A WhatsApp-based reporting system is also in place for easy communication. They have the right to remove themselves from hazardous situations when necessary.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the employees/contractors of the Group have access to non-occupational medical and healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High-consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company has implemented comprehensive measures to ensure a safe and healthy workplace. These include conducting safety induction and fire-fighting training for employees, along with regular workplace safety inspections. The mandatory use of personal protective equipment (PPE), such as helmets, gloves, and safety shoes, is enforced across operations. Safety infrastructure includes the installation of safety signage, machine emergency stop switches, and safety sensors to minimize operational risks. Additionally, the Company has implemented 5S practices and conducts regular housekeeping inspections across all departments to maintain a clean, organized, and safe working environment.

13. Number of Complaints on the following made by employees and workers:

Particulars	FY 2025-26			FY 2024-25		
	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	-	-
Health & Safety	0	-	-	0	-	-

14. Assessment for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

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.

Not applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N) Y

(B) Workers (Y/N) Y

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

(This principle highlights the importance of stakeholder engagement. Companies should consider the interests and perspectives of all stakeholders, including shareholders, employees, customers, suppliers, and the communities in which they operate. They should also be responsive to stakeholder concerns and feedback.)

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

At KRN, key stakeholder groups are identified through a structured assessment of the company's business operations, supply chain, and industry ecosystem. The process involves analysing interactions across various functions such as production, procurement, sales, compliance, and community engagement.

Stakeholders are categorized based on their influence on, and impact by, the organization's activities. This includes internal stakeholders like employees and management, as well as external stakeholders such as customers (OEMs), suppliers, regulatory bodies, export partners/distributors, and the local community.

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
Customers	No	☐ One-to-one interactions ☐ Site-visits ☐ Customer meetings ☐ E-mails ☐ Feedback Mechanism- Online Survey ☐ Digital Channels ☐ Trial and improvement programmes	☐ Continuous ☐ Periodic ☐ Need based ☐ Annually ☐ Continuous	Delivering safe, high-quality products with innovation, efficiency, and responsive service, while engaging proactively on feedback, grievances, and demand insights through digital and direct channels to drive continuous improvement.
Employees	No	☐ E-mail communication ☐ Presentations, ☐ One-to-one interactions ☐ Notice Board ☐ Trainings and workshops ☐ Grievance mechanism ☐ Rewards and Recognition	☐ Continuous ☐ Event based ☐ Periodic ☐ Annually	Providing competitive pay, benefits, a safe and inclusive workplace, and growth opportunities, while fostering transparency, ethics, innovation, adaptability, collaboration, and productivity aligned with company goals.
Value chain partners	No	☐ E-mail communication ☐ Site visits ☐ One-to-one interactions ☐ Business partner surveys ☐ Structured meetings	☐ Need based ☐ Periodic ☐ Continuous ☐ Annually ☐ Periodic	Building transparent, ethical, and sustainable supplier partnerships focused on quality, timely delivery, mutual growth, innovation, and continuous value creation through reliable processes, compliance, and capability development.
Investors and shareholders	No	☐ Annual general meetings ☐ Conference call ☐ Press releases ☐ Annual reports ☐ News channels ☐ Website updates ☐ Stock Exchange releases ☐ Investors Grievances and Redressal Mechanism	☐ Annually ☐ Quarterly ☐ Annually ☐ Event based	Delivering financial returns, transparent governance, effective risk management, and long-term value, with measurable ESG progress, supported by active stakeholder alignment and participation in strategic decisions.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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
Government and Regulatory authorities	No	☐ E-mail communication ☐ One-to-one interactions ☐ Events ☐ Letters ☐ Reports	☐ Engagement as per need	Ensuring legal and ethical compliance, transparent reporting, and contributions to national goals, while actively engaging in policy dialogues, industry forums, and initiatives that foster fair regulation, business growth, and sustainability.
Local community	No	☐ CSR Initiatives ☐ Field visits by project representatives ☐ Face to face interactions ☐ Collaboration through NGOs ☐ Community meetings	☐ Engagement as per need	Driving local development through sustainable livelihoods, impactful community initiatives, transparent reporting, and active collaboration with stakeholders to foster inclusive growth and shared value.

PRINCIPLE 5 Businesses should respect and promote human rights.

(This principle focuses on the importance of human rights. Companies should respect and promote human rights, including the rights to freedom of expression, association, and privacy. They should also prevent and address human rights violations in their operations and value chains.)

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format

Benefits	FY 2025-26			FY 2024-25		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
Employees						
Permanent	170	170	100%	120	120	100%
Other than permanent	0	0	100%	0	0	100%
Total Employees	170	170	100%	120	120	100%
Workers						
Permanent	404	404	100%	88	88	100%
Other than permanent	938	938	100%	560	560	100%
Total Workers	1342	1342	100%	648	648	100%

2. Details of minimum wages paid to employees and workers

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No. (C)	% (C /A)		No. (E)	% (E /D)	No. (F)	% (F /D)
Employees										
Permanent										
Male	165	-	-	165	100%	117	-	-	117	100%

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Category	FY 2025-26					FY 2024-25				
	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)
Female	5	-	-	5	100%	3	-	-	3	100%
Total	170	-	-	170	100%	120	-	-	120	100%
Other than Permanent										
Male	0	NIL				0	NIL			
Female	0					0				
Total	0					0				
Workers										
Permanent										
Male	399	-	-	399	100%	88	-	-	88	100%
Female	5	-	-	5	100%	0	-	-	0	-
Total	404	-	-	404	100%	88	-	-	88	100%
Other than Permanent										
Male	789	-	-	789	100%	560	-	-	560	100%
Female	149	-	-	149	100%	0	-	-	0	-
Total	938	-	-	938	100%	560	-	-	560	100%

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

Particular	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	5	₹ 2,50,000	2	₹ 30,45,000
Key Managerial Personnel	3	₹ 17,13,000	1	₹ 60,00,000
Employees other than BoD and KMP	162	₹ 33,957	4	₹ 36,496
Workers	399	₹ 21,931	5	₹ 19,358

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 2025-26	FY 2024-25
Gross wages paid to females as % of total wages	4%	10%

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.

Head of HR is responsible for managing and addressing any human rights impacts or issues arising from or linked to the business operations.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The KRN Group acknowledges the importance of timely and effective grievance resolution as a key element in safeguarding and upholding human rights. To support this, the company has implemented dedicated policies and mechanisms, including:

- Whistle Blower Policy / Vigil Mechanism

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

- Prevention of Sexual Harassment (POSH) Policy
- Grievance Redressal Policy

A dedicated Grievance Redressal Committee is in place to address concerns and complaints from both internal and external stakeholders. Additionally, employees are encouraged to approach their respective Heads of Department (HODs) or the Head of HR to report any grievances or issues.

6. Number of Complaints on the following made by employees and workers:

Particulars	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 2025-26	FY 2024-25
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

KRN Group ensures that individuals raising genuine concerns about discrimination or harassment are protected from retaliation or any adverse action. Confidentiality of complainants is maintained through specific provisions in the Grievance Redressal Policy, Whistle Blower Policy, and POSH Policy. All related reports and information are treated as confidential and access is restricted as appropriate.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No/NA) No

10. Assessments for the year:

Name of the Assessment	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% Project sites and the Head Office were assessed by the Group internally, or by statutory authorities and third-party evaluators.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

No significant risk/concerns were identified from the assessment carried out on topics as mentioned above during the year.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

KRN's commitment to environmental excellence is articulated through its EHS Policy, which emphasizes "prioritizing society and the environment, conserving resources, reducing waste, and preventing pollution." The Company is also ISO 14001:2015 certified for its Environmental Management System (EMS), reaffirming its commitment to institutionalizing a process-based approach to effectively managing its environmental responsibilities.

Essential Indicators

Energy management is a key pillar of the Company's ESG strategy, supporting both resource conservation and operational efficiency. The Company's key energy management initiatives include:

- 1. Deployment of energy-efficient equipment:** Use of energy-efficient air compressors, IE4-grade motors with variable frequency drives (VFDs), LED lighting, energy-efficient fans, and ENERGY STAR-rated air conditioners.
- 2. Enhancement of operational efficiency:** Regular monitoring of energy consumption and implementation of process controls to optimize energy use and improve operational efficiency.
- 3. Adoption of renewable energy:** Onsite solar power generation to increase the use of renewable energy and reduce reliance on conventional, fossil fuel-based electricity.

1. Details of total energy consumption* (in Giga Joules) and energy intensity, in the following format:

Parameter	FY 2025-26	FY 2024-25
From renewable sources		
Total electricity consumption (A)	4,182	1,530
Total fuel consumption (B)	0	0
Energy consumption through other sources (C.)	0	0
Total energy consumed from renewable sources (A+B+C)	4,182	1,530
From non-renewable sources		
Total electricity consumption (D)	9,429	2,779
Total fuel consumption (E)	19,552	10,314
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	28,981	13,093
Total energy consumed (A+B+C+D+E+F)	33,163	14,623
Energy intensity per rupee of turnover (GJ per Lakh INR)	0.55	0.34
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (GJ per USD adjusted lakh INR)	11.10	6.96
Energy intensity in terms of physical output (GJ per production in KL)	-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?		NA
If yes, name of the external agency.	NA	

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? (Yes/No)

NA

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.

NA

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

*Energy consumption has increased on a year-on-year basis due to commencement of production at the new HVAC plant. As the plant operations optimize and production increases, the energy intensity will reduce in future. The electricity is purchased from the India grid, (which is a mix of conventional and renewable energy). Fuel based energy is from coal, diesel and petrol. Fuel conversion factors are based on energy reports from NITI AYOg and Central Electric Authority. The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by the World Bank for India which is 20.09.

3. Provide details of the following disclosures related to water*, in the following format:

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater	3000	-
(iii) Third party water	33,750	9,125
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	36,750	9,125
Total volume of water consumption (in kilolitres)	36,750	9,125
Water intensity per rupee of turnover (KL per LAKH INR)	0.61	0.21
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	12.30	4.34
Water intensity in terms of physical output (KL per Production in KL)	-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Yes/No)	NA	
If yes, name of the external agency.	NA	

*Water consumption has increased on a year-on-year basis due to commencement of production at the new HVAC plant. The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by the World Bank for India which is 20.09.

4. Provide the following details related to water discharged:

Parameter	FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	0	0
No treatment		
With treatment – please specify level of treatment		
(ii) To Groundwater	0	0
No treatment		
With treatment – please specify level of treatment		
(iii) To Seawater	0	0
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment	2,548	7,300
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Parameter	FY 2025-26	FY 2024-25
Total water discharged (in kilolitres)	2,548	7,300
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)	NA	
If yes, name of the external agency.	NA	

5. Has the entity implemented a mechanism for Zero Liquid Discharge?

Yes*

If yes, provide details of its coverage and implementation.

The Company is committed to water conservation, with a focus on reducing freshwater consumption, promoting water reuse, and enhancing water efficiency. Key initiatives include identifying and implementing measures to optimize freshwater use, reusing wastewater streams for suitable applications within the plant—for example, using cooling tower blowdown for gardening—and undertaking rainwater harvesting to support groundwater recharge. Effluent and sewage generated from the manufacturing facilities are collected in septic tanks and sent to authorized third parties for appropriate treatment.

*The new facility has implemented ZLD and is committed to achieving 100% coverage.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025-26	FY 2024-25
N0x	Tonnes	0.025	0.018
S0x		Not applicable as the Company uses low-sulphur diesel as per BS-VI	Not applicable as the Company uses low-sulphur diesel as per BS-VI
Particulate matter (PM)	Tonnes	0.003	0.002
Persistent organic pollutants (POP)		-	-
Volatile organic compounds (VOC)		-	-
Hazardous air pollutants (HAP)		-	-
Others – please specify		-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)		NA	
If yes, name of the external agency.		NA	

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

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Tonnes of CO ₂ equivalent	1,860	621
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Tonnes of CO ₂ equivalent	1,080	561
Biogenic greenhouse gas emissions		0	0
Total Scope 1 and Scope 2 emissions per LAKH INR of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)		0.049	0.027
Total Scope 1 and Scope 2 emission intensity per LAKH INR of turnover adjusted for Purchasing Power Parity (PPP)		0.98	0.56
Total Scope 1 and Scope 2 emission intensity in terms of physical output (per production in KL)		-	-

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Parameter	Unit	FY 2025-26	FY 2024-25
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)			NA
If yes, name of the external agency.	NA		

*Greenhouse gas emissions have increased on a year-on-year basis due to commencement of production at the new HVAC plant. As the plant operations optimize and production increases, the footprint will reduce. GHG footprint is calculated using emission factors and fuel conversion factors based on energy reports from NITI AYOOG and Central Electric Authority. The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by the World Bank for India which is 20.09. Source of emissions factors used for calculating the greenhouse gas emissions: Scope 1 emissions have been calculated using the emissions factors published by the NITI AYOOG, CPCB, CEA AND DEFRA GHG conversion factors 2025. For Scope 2 emissions – the emission factor is 0.710 tCO₂/MWh, as per the CO₂ Baseline Database for the Indian Power Sector, User Guide, Version 21.0, November 2025, published by the Central Electricity Authority of India.

8. Does the entity have any project related to reducing Green House Gas emission? (Yes/ No)

Yes

If Yes, then provide details.

The Company has implemented a range of operational efficiency measures and renewable energy projects, with a total capacity of **5.4 MW**, to reduce greenhouse gas emissions and improve energy efficiency. Key initiatives include the installation of **IE4-grade motors with variable frequency drives (VFDs)** across various equipment, replacement with energy-efficient air compressors, installation of LED lighting and energy-efficient fans, and deployment of ENERGY STAR-rated air conditioners.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2025-26	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste (A)	11.90	4.99
E-waste (B)		-
Bio-medical waste (C)		-
Construction and demolition waste (D)		-
Battery waste (E)		-
Radioactive waste (F)		-
Other Hazardous waste. Please specify, if any. (G)	2.42	1.32
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	448.92	239.86
Total (A+B + C + D + E + F + G + H)	463.24	246.17
Waste intensity per rupee of turnover (MT per LAKH INR)	0.01	0.01
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (MT per USD adjusted LAKH INR)*	0.16	0.12
Waste intensity in terms of physical output (MT per production in KL)	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste	FY 2025-26	FY 2024-25
(i) Recycled	463.24	246.17
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	463.24	246.17

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	FY 2025-26	FY 2024-25
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)		NA
If yes, name of the external agency.		NA

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by the World Bank for India which is 20.09

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Waste is viewed as a resource, and the Company is committed to segregating different waste streams generated across its operations and diverting them from landfills through recycling and responsible disposal. Key waste management initiatives include the reuse of packaging materials, reduction in the use of single-use plastics, and disposal of waste through government-authorized recyclers, thereby promoting resource recovery and minimizing environmental impacts.

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, please specify details in the following format:

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N)	If no, the reasons thereof and corrective action taken, if any.
NA				

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA					

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, Environment protection act and rules thereunder (Y/N/NA).

Yes

All our units comply with environmental regulations.

If not, provide details of all such non-compliances, in the following format:

Specify the law/regulation/ guidelines which was not complied with	Provide details of the non- compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
NA			

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)

The company is not currently analysing water withdrawal, consumption and discharges by areas of water stress.

2. Please provide details of total Scope 3 emissions & its intensity

The current focus for carbon management is on Scope 1 and Scope 2 emissions. The company plans to compute Scope 3 emissions going forward.

3. With respect to the ecologically sensitive areas reported at Question 11 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.

NA

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative	Corrective action taken, if any
Solar power	Installation of solar panels for generating renewable electricity	Reduction conventional energy demand and reduction in greenhouse gas emissions	-
Energy efficient lighting	Installation of LED lights	Energy efficiency and reduction in greenhouse gas emissions	-
Energy efficient equipment	Use of energy efficient equipment including IE4 grade motor variable frequency drives (VFD) on various equipment, switch to efficient air compressors, energy efficient fans and energy star rated air conditioners	Energy efficiency and reduction in greenhouse gas emissions	-
Waste segregation and recycling	Different categories of waste are segregated at source and recycled through appropriate recycling channels	Reduced waste disposal to landfill	-

5. Does the entity have a business continuity and disaster management plan? (Yes/No)

Yes

Give details in 100 words/ web link.

Disaster Management is essential for ensuring business continuity and minimizing environmental, human, and property losses during accidents or disasters. The Company's Disaster Management Plan is based on regulatory guidelines, industry best practices, and lessons learned from past emergencies. The plan ensures rapid response, effective coordination, and safety during emergencies. Key focus areas include:

- **Preparedness:** Training, drills, and resource readiness
- **Response:** Clear roles for personnel, communication systems, control centre and emergency actions

Continuous Improvement: Regular reviews, updates, and evaluations to strengthen the plan

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The Company's products, heat exchangers, are inherently designed to **maximize thermal transfer** between fluids,

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

significantly improving energy utilization across industrial processes. By recovering and reusing waste heat, these systems **reduce fuel consumption** and minimize overall energy demand. KRN's heat exchanger solutions help customers lower their **GHG emissions** by making processes more efficient, especially in energy-intensive sectors like petrochemicals, power, and manufacturing. These products align to "low-carbon technology" portfolio, supporting the Company's mission to enable clients' transition to **net-zero operations**. KRN's designs contribute to **reducing operational costs** while also enhancing **environmental performance** of systems they're installed in. The Company offers tailored solutions that optimize heat recovery depending on client needs—be it from flue gases, industrial effluents, or steam systems. Newer models emphasize **compactness, corrosion resistance, and higher efficiency coefficients** to minimize thermal losses.

KRN has taken steps towards managing the sustainable impacts of its value chain by investing in R&D directly aligning with the primary driver of the global heat exchanger market, which is the increasing demand for sustainable, low-energy consumption solutions.

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

The company plans to assess its value chain partners for environmental impacts in future.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

(This principle highlights the importance of responsible advocacy. Companies should engage in policy advocacy in a responsible and transparent manner, and avoid engaging in activities that could undermine the public interest or the democratic process.)

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

4

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such 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/ International)
1	The Refrigeration & Air Conditioning Trade Association (RATA)	National
2	Indian society of heating refrigerating & air conditioning engineers (ISHRAE)	National
3	All India Air Conditioning & Refrigeration Association (All India ACRA)	National
4	Neemrana Industrial Association (NIA)	State

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Not applicable		

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development.

(This principle emphasizes the importance of promoting inclusive and equitable economic development. Companies should create economic opportunities for all, including disadvantaged and marginalized groups. They should also contribute to the development of local communities and support social and economic empowerment.)

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NIL					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
NIL					

3. Describe the mechanisms to receive and redress grievances of the community.

Grievances from the community can be submitted via our website or directly to the Grievance Redressal Team. All concerns are logged, reviewed, and resolved promptly, with escalations made to higher management when required.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particular	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/ small producers	25.10%	14.70%
Directly from within India	51.40%	31.02%

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

Particular	FY 2025-26	FY 2024-25
Rural	-	-
Semi-urban	100%	100%
Urban	-	-
Metropolitan	-	-

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban/metropolitan)

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner.

(This principle highlights the importance of responsible consumer engagement. Companies should provide safe, high-quality products and services, and ensure that they are marketed and sold ethically and responsibly. They should also be transparent about their products and services, and provide consumers with the information they need to make informed choices.)

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

A grievance redressal communication matrix is in place to ensure that consumer complaints and feedback are received, tracked, and addressed promptly through a structured escalation process.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about

Particular	As a percentage to total turnover*
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

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

Particular	FY 2025-26		Remark	FY 2024-25		Remark
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other*	46	0	-	27	0	-

*Design and product related

4. Details of instances of product recalls on account of safety issues:

Particular	Number	Reason for recall
Voluntary recalls	0	-
Forced recalls	0	-

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No)

Yes

If available, provide a web link of the policy

KRN has established a cybersecurity and data privacy risk policy, which is accessible on the group's intranet.

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.

N.A.

No complaints or regulatory actions were reported during the period related to advertising, delivery of essential services, cybersecurity, data privacy, or product safety, nor were there any product recalls or penalties.

7. Provide the following information relating to data breaches

a. Number of instances of data breaches along-with impact

0

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

-

c. Impact, if any, of the data breaches

Not applicable

Leadership Indicator

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information of the products manufacturing by the group can be accessed at company official website www.krnheatexchanger.com

INDEPENDENT AUDITOR'S REPORT

To

The Members of

KRN Heat Exchanger and Refrigeration Limited

Neemrana, Rajasthan - 301705

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **KRN Heat Exchanger and Refrigeration Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2026 and the statement of Profit and Loss (including other comprehensive income), and statement of change in equity and statement of cash flows for the year ended 31st March, 2026 and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

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, as amended ("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, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2026, its Profit or Loss and total comprehensive income (including other comprehensive income), the changes in equity and its cash flows for the year ended on 31st March, 2026.

Basis for Opinion

We conducted our audit 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 financial statements under the provisions of the Companies Act, 2013 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31st March, 2026. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition (Refer Note 1.3.10 and Note 22 to the standalone financial statements)	
The Company recognised revenue from operations of Rs. 67,623.01 Lakhs for the year ended 31st March, 2026 (Previous year: Rs. 43,118.97 Lakhs), representing growth of approximately 56.83% over the previous year. Revenue is recognised when control of goods is transferred to the customer in accordance with Ind AS 115, 'Revenue from Contracts with Customers'. Considering the significant growth in revenue during the year, the commencement of the new trading activity, the volume of transactions with related parties, the importance of recognition of revenue in the appropriate period in accordance with Ind AS 115, and the significant auditor attention required in accordance with the Standards on Auditing, revenue recognition was determined to be a key audit matter.	Our audit procedures included, among others, the following: - Assessed the appropriateness of the Company's revenue recognition accounting policies in accordance with Ind AS 115, including those applied to the new trading activity; - Evaluated the design and tested the operating effectiveness of internal controls over recognition and measurement of revenue, including controls over cut-off; - Performed substantive testing of samples of revenue transactions recorded during the year by agreeing them to sales invoices, e-way bills/ shipping documents, customer acknowledgements and subsequent collections; - Tested, on a sample basis, sales transactions recorded in the periods immediately before and after the year end to underlying delivery evidence to assess whether revenue was recognised in the correct period;

INDEPENDENT AUDITOR'S REPORT (Contd.)

	• Tested sales to related parties with reference to approvals under Sections 177 and 188 of the Act, agreements and pricing terms, and traced elimination-relevant balances to confirmations/ reconciliations with the subsidiary; • Assessed the adequacy of the disclosures made in the standalone financial statements. • Performed cut-off procedures by testing, on a sample basis, sales transactions recorded in the periods immediately before and after the year end to assess whether revenue was recognised in the appropriate period
Carrying Value of Investments in, and Loans to, Subsidiary Companies (Refer Notes 1.3.13(D), 3, 9 and 40 to the standalone financial statements)	
As at 31st March, 2026, the Company holds investments in the equity shares of its subsidiary companies aggregating Rs. 35,066.61 Lakhs (Previous year: Rs. 25,066.61 Lakhs), comprising Rs. 34,076.61 Lakhs in KRn HVAC Products Private Limited and Rs. 990.00 Lakhs in Thermotech Research Laboratory Private Limited. These investments represent approximately 61.88% of the net worth and 48.53% of the total assets of the Company. In addition, the Company has granted unsecured loans, repayable on demand, to its subsidiary companies aggregating Rs. 4,831.34 Lakhs are outstanding as at 31st March, 2026 (Previous year: Rs. 7,785.49 Lakhs), comprising Rs. 4,555.63 Lakhs to KRn HVAC Products Private Limited and Rs. 275.71 Lakhs to Thermotech Research Laboratory Private Limited, representing approximately 8.53% of the net worth and 6.69% of the total assets of the Company. The aggregate of investments in and loans to subsidiary companies of Rs. 39,897.95 Lakhs constitutes approximately 70.41% of the net worth and 55.21% of the total assets of the Company as at the balance sheet date. During the year, unsecured loans of Rs. 10,000.00 Lakhs extended to KRn HVAC Products Private Limited were converted into 50,00,000 equity shares of Rs. 10 each at a premium of Rs. 190 per share. Investments in subsidiaries are accounted for at cost less impairment, if any, in accordance with Ind AS 27, 'Separate Financial Statements'. The assessment of the carrying value of these investments and the recoverability of the loans requires management to evaluate the existence of impairment indicators under Ind AS 36, 'Impairment of Assets'. Considering the significance of these balances in relation to the net worth and total assets of the Company, and the degree of management judgment involved in the assessment of their carrying value, this matter was determined to be a key audit matter.	Our audit procedures included, among others, the following: • Obtained an understanding of management's process and controls for identification of impairment indicators and assessment of the carrying value of investments in, and recoverability of loans to, subsidiary companies; • Compared the aggregate carrying value of investments in each subsidiary with the Company's share of the net worth of the respective subsidiary as per its audited financial statements, and evaluated the reasons for and the recoverability of any excess; • Evaluated the financial position and operational status of the subsidiaries. • Verified the conversion of the unsecured loan into equity shares with reference to board/ shareholder approvals, the valuation report supporting the issue price, share allotment records, and filings with the Registrar of Companies. • Assessed management's evaluation of impairment indicators under Ind AS 36. • Tested the terms and recoverability of loans to subsidiaries, including compliance with Sections 185 and 186 of the Companies Act, 2013. • Evaluated the repayment history of, and receipts subsequent to the year-end against, loans outstanding from the subsidiaries • Obtained direct balance confirmations from the subsidiaries in respect of investments, loans and other balances; and • Assessed the adequacy of the related disclosures in the standalone financial statements, including related party disclosures under Ind AS 24 • Discussed with the management the rationale for, and the terms of, the investment made in the subsidiary during the year, and the business plans of the subsidiary.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Information Other than the financial statements and Auditor's report thereon

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual 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 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.

Responsibility of Management for Standalone Financial Statements

The Company's 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, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 statement 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 financial standalone 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 standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 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 standalone financial statements for the year ended 31st 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 of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the '**Annexure A**' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, 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 purposes 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;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2026 taken on record by the Board of Directors, none of the

directors is disqualified as on 31st March, 2026 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report;
- (g) 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 34 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (a) The management has represented that, to the best of its knowledge and belief, as disclosed in note 41 to the standalone financial statements, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 41 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the

INDEPENDENT AUDITOR'S REPORT (Contd.)

understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - Provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatements.
- iv. The Board of Directors has not recommended any dividend for the financial year ended 31st March, 2026 and, accordingly, no dividend was declared or paid by the Company during the year.
- (h) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and

explanations given to us, the remuneration paid by the Company to its directors during the current 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) of the Act which are required to be commented upon by us.

- (i) Based on our examination which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended 31st March, 2026 which has a feature of recording audit trail facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

For Keyur Shah & Co.

Chartered Accountants

FRN.: 141173W

Keyur Shah

Proprietor

Membership No.: 153774

UDIN : 26153774RIGESV3291

Date: 14th May, 2026

Place: Ahmedabad

INDEPENDENT AUDITOR'S REPORT (Contd.)

"Annexure A" Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our Report of even date to the members of KRN Heat Exchanger and Refrigeration Limited on the Standalone Financial Statements for the year ended 31st March, 2026

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

i. Property, Plant, Equipment and intangible Assets:

- a. A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- B) The Company has maintained proper records showing full particulars of intangible assets.
- b. The Company has a program of physical verification property, plant and equipment so to cover all the items over a year of three years which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. Pursuant to the program, certain property, plant, equipment were due for verification during the year and were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee)(if any), as disclosed in note 2 to the standalone financial statements, are held in the name of the Company.
- d. The Company has not revalued its Property, Plant, Equipment (including Right of use assets)(if any), and intangible Assets during the year ended 31st March, 2026.
- e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. Inventory:

- a. The physical verification of inventory including inventory lying with third parties has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedures of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- b. During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 Crores, in aggregate, from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with such banks are in agreement with the books of account of the Company.

iii. Loans/Advances/Investments given by the Company:

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 provided any security or granted advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments, granted loans and provided guarantees to companies and other parties in respect of which the requisite information is provided in clause (a) to (f) as below to the extent applicable. The Company has not made any investments in or provided any guarantee or security to firms or limited liability partnership or any other parties except as mentioned below:

- a) Based on the audit procedures carried out by us and as per the information and explanations given to us, the Company has provided loans, made investments and stood guarantee, as below:

INDEPENDENT AUDITOR'S REPORT (Contd.)

(Amount in Lakhs)

Particulars	Investments	Loans/Advances - Unsecured
Aggregate amount granted/Provided during the year		
-Subsidiaries		
-Thermotech Research Laboratory Private Limited	-	275.71
-KRN HVAC Products Private Limited	10,000.00	10,150.40
Balance outstanding as at balance sheet date		
-Subsidiaries		
-Thermotech Research Laboratory Private Limited	990.00	275.71
-KRN HVAC Products Private Limited	34,076.61	4,555.63

- b) According to the information and explanations given to us and based on the audit procedures carried out by us, in our opinion the investments made and guarantees provided during the year and the terms and conditions of the grant of loans and guarantees provided during the year are prima facie, not prejudicial to the interest of the Company.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.
- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.
- e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to same parties.
- f) 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 granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except mentioned below:

Particulars	Amount in Lakhs
Aggregate amount of loans/ advances in nature of loans – Repayable on Demand	
Subsidiary Companies	
-Thermotech Research Laboratory Private Limited	275.71
-KRN HVAC Products Private Limited	10,150.40

iv. Loans to directors & Investment by the Company:

In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it, as applicable.

v. Deposits

The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

vi. Cost records:

Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Companies Act, 2013 in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been 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.

INDEPENDENT AUDITOR'S REPORT (Contd.)

vii. Statutory Dues:

- a. In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, professional tax, income-tax, sales-tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March, 2026, on account of disputes are given below:

Nature of Statute	Nature of Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Goods and Service Tax	GST ITC Mismatched	494.66	F. Y.-2025-26	At Deputy Commissioner GST

Note: The amounts disclosed above represent the tax demand excluding interest and penalties. Since the interest and penalties, if applicable, are subject to change from time to time, the same have not been included in the above-mentioned amounts.

viii. Unrecorded income

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.

ix. Repayment of Loans:

- a. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- b. According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Willful Defaulter by any bank or financial institution or government or any government authority.
- c. In our opinion, and according to the information and explanations given to us, term loans which were applied for the purpose for which the loans were obtained.
- d. According to the information and explanations given to us, and the procedures performed by us, and 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 the long-term purposes.
- e. According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f. According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. Utilization of IPO & FPO and Private Placement and Preferential issues:

- a. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- b. The 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 made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable.

xi. Reporting of Fraud:

- a. During the course of our examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the year.
- b. According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT- 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c. As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of this report.

xii. NIDHI Company:

The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. Related Party Transaction:

In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and Section 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in note 40 to the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24.

xiv. Internal Audit

- a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. Non-Cash Transaction:

According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of Section 192 of the Act are not applicable to the Company.

xvi. Register under RBI Act, 1934:

The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable. The Group does not have any CIC as part of the group and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. Cash Losses

The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year.

xviii. Auditor's resignation

There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

INDEPENDENT AUDITOR'S REPORT (Contd.)

xix. Financial Position

According to the information and explanations given to us and on the basis of the financial ratios disclosed in note 43 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, 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 the 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. Corporate Social Responsibility

The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For Keyur Shah & Co.

Chartered Accountants

FRN.: 141173W

Keyur Shah

Proprietor

Membership No.: 153774

UDIN : 26153774RIGESV3291

Date: 14th May, 2026

Place: Ahmedabad

INDEPENDENT AUDITOR'S REPORT (Contd.)

"Annexure B" Referred to in Paragraph 2(f) under 'Report on other Legal and Regulatory Requirements' section of our Report of even date to the members of KRN Heat Exchanger and Refrigeration Limited on the Standalone Financial Statements for the year ended 31st March, 2026

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the standalone financial statements of **KRN Heat Exchanger and Refrigeration Limited** ('the Company') as at and for the year ended 31st March, 2026, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is 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 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

authorisations 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 with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2026, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Keyur Shah & Co.

Chartered Accountants

FRN.: 141173W

Keyur Shah

Proprietor

Membership No.: 153774

UDIN : 26153774RIGESV3291

Date: 14th May, 2026

Place: Ahmedabad

Standalone Balance Sheet

as at 31st March, 2026

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	As at 31st March, 2026	As at 31st March, 2025
I	ASSETS			
A	Non-Current Assets			
	a) Property Plant & Equipments	2A	2,252.95	2,572.18
	b) Intangible Assets	2B	4.64	8.50
	c) Financial Assets			
	- Investments	3	35,066.61	25,066.61
	- Other Financial Assets	4	20.13	86.86
	d) Deferred Tax Assets (Net)	16	100.97	46.87
	Total Non-Current Assets		37,445.30	27,781.02
B	Current Assets			
	a) Inventories	5	7,400.25	9,519.71
	b) Financial Assets			
	- Trade receivables	6	18,906.87	9,274.32
	- Cash and Cash Equivalents	7	209.33	78.57
	- Bank Balances other than cash and cash equivalents	8	3,125.14	3,293.95
	- Loans	9	4,837.57	7,791.98
	- Other Financial Assets	10	64.80	34.81
	c) Other Current Assets	11	272.01	1,181.49
	Total Current Assets		34,815.97	31,174.83
	TOTAL ASSETS		72,261.27	58,955.85
II	EQUITY AND LIABILITIES			
1	EQUITY			
	a) Equity Share capital	12	6,215.66	6,215.66
	b) Other Equity	13	50,452.30	43,428.50
	Total Equity		56,667.96	49,644.16
2	LIABILITIES			
A	Non-Current Liabilities			
	a) Financial Liabilities			
	- Long Term Borrowings	14	21.47	142.52
	b) Long Term Provisions	15	91.77	91.85
	Total Non-Current Liabilities		113.24	234.37
B	Current Liabilities			
	a) Financial Liabilities			
	- Short Term Borrowings	17	9,053.25	3,204.21
	- Trade payables			
	(i) Total outstanding dues of Micro Enterprise and Small Enterprises	18	248.17	676.04
	(ii) Total outstanding dues of creditors other than Micro Enterprise and Small Enterprises	18	5,685.91	4,591.07
	b) Other Current Liabilities	19	93.69	314.51
	c) Short-Term Provisions	20	104.85	162.71
	d) Current Tax Liabilities (Net)	21	294.20	128.78
	Total Current Liabilities		15,480.07	9,077.32
	Total Liabilities		15,593.31	9,311.69
	TOTAL EQUITY & LIABILITIES		72,261.27	58,955.85

The accompanying notes are an integral part of these standalone financial statements 1-44

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer

Standalone Statement of Profit & Loss

for the Year ended 31st March, 2026

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	Year ended 31st March, 2026	Year ended 31st March, 2025
I	Revenue from operations	22	67,623.01	43,118.97
II	Other income	23	1,372.29	727.67
III	Total Income		68,995.30	43,846.64
IV	Expenses			
	a) Cost of materials consumed	24	34,979.78	32,284.75
	b) Purchase of Stock-in-Trade	25	21,165.88	-
	c) Changes in Inventories of Finished Goods, Work-In Progress and Stock-In-Trade	26	(723.79)	(20.72)
	d) Employee Benefit Expenses	27	1,844.16	1,905.71
	e) Finance costs	28	398.12	338.95
	f) Depreciation and amortization expense	29	341.42	365.44
	g) Other Expenses	30	1,878.07	1,848.28
	Total Expenses		59,883.64	36,722.41
V	Profit Before Prior Period and Exceptional Item (III-IV)		9,111.66	7,124.23
VI	Prior Period Item		(39.71)	-
VII	Profit Before Tax (V-VI)		9,151.37	7,124.23
VIII	Tax Expense			
	a) Current tax	31	2,382.39	2,165.00
	b) Deferred tax Liability / (Assets)	31	(58.90)	(55.20)
	c) Income Tax (short/ excess provision)	31	(302.65)	(3.03)
	Total Tax Expenses		2,020.84	2,106.77
IX	Profit After Tax (PAT) (VII-VIII)		7,130.53	5,017.46
X	Other Comprehensive (Income) / Expense			
	a) Items that will not be reclassified to Profit & Loss		(19.08)	3.64
	Income tax in respect of above		4.80	(1.06)
	b) Items that may be reclassified to Profit & Loss		-	-
	Income tax in respect of above		-	-
	Total Other Comprehensive Income		(14.28)	2.58
XI	Total Comprehensive Income for the Year (IX-X)		7,144.81	5,014.88
XII	Earnings per equity share of Rs. 10/- each (in Rs.)			
	a) Basic	32	11.47	9.25
	b) Diluted	32	11.47	9.25

The accompanying notes are an integral part of these standalone financial statements 1-44

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRn Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer

Standalone Cashflow Statement

for the Year ended 31st March, 2026

(₹ in Lakhs)

Sr No.	Particulars	Year ended 31st March, 2026	Year ended 31st March, 2025
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit Before Tax	9,111.66	7,124.23
	Adjustments For:		
	Depreciation	341.42	365.44
	Prior Period Item	39.71	-
	Provision for Gratuity and Leave Encashment	26.55	24.15
	Adjustment Related to OCI	19.08	(3.64)
	Interest Income	(238.73)	(270.90)
	Changes in other Equity	(94.85)	129.63
	Profit/Loss on Sale of Fixed Assets	(14.50)	-
	Interest and Finance Charges	398.12	338.95
	Operating Profit before working capital changes	9,588.46	7,707.86
	Adjustment For:		
	Changes in Inventories	2,119.46	(1,079.19)
	Changes in Trade receivables	(9,632.55)	(4,038.11)
	Changes in Other Financial Asset	(29.99)	(21.54)
	Changes in Other Current Asset	909.48	(519.04)
	Changes in Trade Payables	666.97	1,681.25
	Changes in Short Term Provisions	(84.41)	44.83
	Changes in Long Term Provisions	(0.08)	0.06
	Changes in Other Current Liabilities	(220.82)	214.62
	Cash Generated from Operations	3,316.52	3,990.74
	Taxes Paid	(1,914.32)	(2,072.66)
	Net Cash From / (Used In) Operating Activities (A)	1,402.20	1,918.08
B.	Cash Flow From Investing Activities		
	(Purchase) of Fixed Asset / Capital Work In Progress	(28.63)	(202.99)
	Sale of Fixed Assets	24.80	3.19
	Change in Other Bank Balance	168.81	(2,740.76)
	Changes in Other Financial Asset	66.73	(0.33)
	Interest Received	238.73	270.90
	Changes in Non-Current Investment	(10,000.00)	(24,566.66)
	Net Cash From / (Used In) Investing Activities (B)	(9,529.56)	(27,236.65)
C.	Cash Flow From Financing Activities		
	Proceeds from Issue of Shares	-	1,602.01
	Security Premium	(26.16)	29,819.68
	Interest and Finance Charges	(398.12)	(338.95)
	Changes in Short Term Borrowing	5,849.04	(1,968.04)
	Changes in Short-term loans and advances	2,954.41	(4,079.49)
	Repayment of Long Term Borrowing	(121.05)	(654.17)
	Net Cash From Financing Activities (c)	8,258.12	24,381.06
	Net Increase / (Decrease) in Cash (A)+(B)+(C)	130.76	(937.51)
	Cash and Cash equivalents at the beginning of the year	78.57	1,016.08
	Cash and Cash equivalents at the end of the year	209.33	78.57



Standalone Cashflow Statement

for the Year ended 31st March, 2026

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Cash and Cash Equivalents		
Cash in Hand	0.17	0.39
Bank Balance		
In Current Accounts	209.16	78.18
Total	209.33	78.57

Note:

1 The above cash flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 - 'Statement of Cash Flows'.

2 Movement in Financial Liabilities arising from Financial Activities:

Current Reporting Period			(Rs. in Lakhs)
Particulars	Long Term Borrowings	Short Term Borrowings	Interest
Balance as at 01st April, 2025	142.52	3,204.21	-
Interest and Finance Charges	-	-	(398.12)
Repayment of Long Term Borrowing	(121.05)	-	-
Proceeds from Short Term Borrowing	-	5,849.04	-
Net Cash Movement during the year	(121.05)	5,849.04	(398.12)
Interest Charged to Statement of Profit and Loss	-	-	398.12
Balance as at 31st March, 2026	21.47	9,053.25	-

Previous Reporting Period			(Rs. in Lakhs)
Particulars	Long Term Borrowings	Short Term Borrowings	Interest
Balance as at 01st April, 2024	796.69	5,172.25	-
Interest and Finance Charges	-	-	(338.95)
Repayment of Long Term Borrowing	(654.17)	-	-
Repayment of Short Term Borrowing	-	(1,968.04)	-
Net Cash Movement during the year	(654.17)	(1,968.04)	(338.95)
Interest Charged to Statement of Profit and Loss	-	-	338.95
Balance as at 31st March, 2025	142.52	3,204.21	-

3 The accompanying notes are an integral part of these standalone financial statements..

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer

Standalone statement of changes in equity

for the Year ended 31st March, 2026

A. Equity Share Capital

(₹ in Lakhs)

Particulars	Amount
As at 1st April, 2025	6,215.66
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 01st April, 2025	6,215.66
Changes in Equity Share Capital during the year	-
As at 31st March, 2026	6,215.66

(₹ in Lakhs)

Particulars	Amount
As at 01st April, 2024	4,613.66
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 01st April, 2024	4,613.66
Changes in Equity Share Capital during the year	1,602.00
As at 31st March, 2025	6,215.66

B. Other Equity

For the year ended 31st March, 2026

(₹ in Lakhs)

Particulars	Reserves & Surplus		Deferred Revenue Grant Income	Other Comprehensive Income	Total
	Retained earnings	Securities premium			
Balance as at 01st April, 2025	9,774.87	32,662.04	998.53	(6.94)	43,428.50
Net Profit/ (Loss) during the Year	7,130.53	-	-	-	7,130.53
Changes during the year	-	(26.16)	(94.85)	-	(121.01)
Remeasurement Gain/(Loss) on defined benefit plan (net of tax)	-	-	-	14.28	14.28
Total Comprehensive Income/ (Expense)	7,130.53	(26.16)	(94.85)	14.28	7,023.80
Balance as at 31 March, 2026	16,905.40	32,635.88	903.68	7.34	50,452.30



Standalone statement of changes in equity

for the Year ended 31st March, 2026

(₹ in Lakhs)

Particulars	Reserves & Surplus		Deferred Revenue Grant Income	Other Comprehensive Income	Total
	Retained earnings	Securities premium			
Balance as at 1st April, 2024	4,757.41	2,842.36	868.90	(4.36)	8,464.32
Net Profit/ (Loss) during the Year	5,017.46	-	-	-	5,017.46
Changes during the year	-	29,819.68	129.63	-	29,949.31
Remeasurement Gain/(Loss) on defined benefit plan (net of tax)	-	-	-	(2.58)	(2.58)
Total Comprehensive Income/ (Expense)	5,017.46	29,819.68	129.63	(2.58)	34,964.19
Balance as at 31st March, 2025	9,774.87	32,662.04	998.53	(6.94)	43,428.50

Nature and Purpose of Reserves

- (a) **Securities Premium:** The amount received in excess of face value of the equity shares is recognised in securities premium reserve.
- (b) **Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions to shareholders.

The accompanying notes are an integral part of these Consolidated financial statements.

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

NOTE - 1

1.1 Company Overview:

KRN Heat Exchanger And Refrigeration Limited ('the Company') is a limited Company domiciled and incorporated in India. The registered office of the Company is located at Plot No. F-46,47,48,49 EPIP, RIICO Industrial Area Neemrana RJ- 301705, Rajasthan, India.

The company is engaged in the activity of manufacturing and sale of Heating Ventilation & Air conditioning (HVAC) parts & accessories.

1.2 General Information & Statement of Compliance with Ind AS:

These financial statements are the separate financial statements of the Company (also called as standalone financial statements) prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

1.3 Significant Accounting Policies:

1.3.1 Basis of Preparation and Presentation

The Financial Statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- (a) Certain Financial Assets and Liabilities (including derivative instruments if any), and
- (b) Defined Benefit Plans – Plan Assets
- (c) Certain Property Plant And Equipment which are Revalued (if any).

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

The Company's Financial Statements are presented in Indian Rupees, which is also its functional currency

1.3.2 Fair Value Measurement

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a financial reporting team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as pricing services, is used to

measure fair values, then the financial reporting team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.3.3 Current and Non-Current Classification

The Company presents assets and liabilities in the Balance Sheet based on Current /Non- Current classification.

An asset is treated as 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;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.3.4 Property, Plant and Equipment

(a) Tangible Assets

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Based on technical evaluation carried out by management, depreciation on fixed assets has been provided on the Straight line method as per the useful life and residual value prescribed Schedule II to the Companies Act, 2013. Residual value has been assessed at 5% of cost of the assets.

Depreciation and amortization on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation and amortization on sale/ discard from fixed assets is provided for up to the date of sale, deduction or discard of fixed assets as the case may be.

Individual assets costing Rs. 5,000 or below are depreciated/ amortized in full in the year of purchase. Depreciation/ Amortization method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the depreciation/ amortization

period is changed accordingly.

Asset	Useful Life
Factory Building	20 years
Computers	3 years
Tools and Dies	3 years
Solar Plant	15 years
Electric Installation	8 years
Plant & machinery	10 years
Furniture & fixtures	10 years
Office equipment	5 years
Vehicles	8 years

Note: The useful life has been assessed based on technical evaluation, taking into account the nature of the asset and the estimated usage basis management's best judgement of economic benefits from those classes of assets.

(b) Capital Work-in-Progress and Capital Advances

Cost of Property, Plant and Equipment not ready for intended use, as on the balance sheet date, is shown as a "Capital Work-in-Progress". The Capital Work-in-Progress is stated at cost. Any expenditure in relation to survey and investigation of the properties is carried as Capital Work-in-Progress. Such expenditure is either capitalized as cost of the projects on completion of construction project or the same is expensed in the period in which it is decided to abandon such project. Any advance given towards acquisition of Property, Plants and Equipment outstanding at each balance sheet date is disclosed as "Other Current Assets" (if any).

(c) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Intangible Assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Amortization

Intangible assets with finite useful lives are amortised on a straight-line basis over their expected useful life, as estimated by the management. The useful life of each intangible asset is determined by management based on

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

factors such as the expected pattern of consumption of economic benefits, technical or commercial obsolescence, and the period over which the Company expects to derive economic benefit from the asset.

The amortization expense on such intangible assets is recognized in the Statement of Profit and Loss. The useful life and amortization method are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.3.5 Impairment of Non-Financial Assets – Property, Plant and Equipment and Intangible Assets

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

There are no losses from impairment of assets to be recognized in the financial statements.

1.3.6 Investment Properties

Investment properties (if any), are measured initially at cost, including transaction costs. Subsequent to initial recognition, items of investment properties are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Investment properties are depreciated on straight line method on pro-rata basis at the rates specified therein. Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Long-term investments are stated at cost. Provision for diminution in the value of Long-Term investment is being made only if such decline is of other than temporary in nature in the opinion of management. Current investments are stated at lower of cost or fair value.

1.3.7 Inventories

Inventory includes raw material, work in progress, finished goods and stock in trade.

- a) Inventories values at lower of cost or net realisable value. Cost includes purchase price, taxes (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average method is used.
- b) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.
- c) The comparison of cost or net realisable value is made on item by item basis.
- d) Stock of Finished Goods, Work in Progress and scrap are valued at lower of cost or net realizable value and cost is determined by taking material, labour and related overheads
- e) Raw Materials and Stores and Spares are valued at Cost.

1.3.8 Borrowing Costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

1.3.9 Employee Benefits

(A) Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

during the period when the employees render the services.

(B) Post-Employment Benefits

(i) Defined Contribution Plans

The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

(ii) Defined Benefit Plans

- (a) Gratuity Scheme: The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/ superannuation. The gratuity is paid @ 15 days basic salary and dearness allowances for every completed year of service as per the Payment of Gratuity Act, 1972. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognised in the period in which they occur in Other Comprehensive Income.

(iii) Other Long - Term Employee Benefits

Entitlement to annual leave is recognized when they accrue to employees.

1.3.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

The Company has generally typically controls the goods or services before transferring them to the customer.

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised on

when the services are rendered and related cost are incurred over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

Export Incentives

Export incentive revenues are recognized when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

Interest Income

Interest Income from a Financial Assets is recognised using effective interest rate method.

Dividend Income

Dividend Income is recognised when the Company's right to receive the amount has been established.

Surplus / (Loss) on disposal of Property, Plants and Equipment / Investments

Surplus or loss on disposal of property, plants and equipment or investment is recorded on transfers of title from the Company, and is determined as the difference between the sales price and carrying value of the property, plants and equipment or investments and other incidental expenses.

Rental Income

Rental income arising from operating lease on investments properties is accounted for on a straight - line basis over the lease term except the case where the incremental lease reflects inflationary effect and rental income is accounted in such case by actual rent for the period.

Insurance Claim

Claim receivable on account of insurance is accounted for to the extent the Company is reasonably certain of their ultimate collections.

Other Income

Revenue from other income is recognized on accrual basis.

1.3.11 Foreign Currency Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalised as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

1.3.12 Government Grants and Subsidies

Grants in the nature of subsidies which are non-refundable are recognized as income where there is reasonable assurance that the Company will comply with all the necessary conditions attached to them. Income from grants is recognized on a systematic basis over periods in which the related costs that are intended to be compensated by such grants are recognized.

Refundable government grants are accounted in accordance with the recognition and measurement principle of Ind AS 109, "Financial Instruments". It is recognized as income when there is a reasonable assurance that the Company will comply with all necessary conditions attached to the grants. Income from such benefit is recognized on a systematic basis over the period of the grants during which the Company recognizes interest expense corresponding to such grants.

1.3.13 Financial Instruments – Financial Assets

(A) Initial Recognition and Measurement

All Financial Assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets, which are not at Fair Value Through Profit or Loss, are adjusted to the fair

value on initial recognition. Purchase and sale of Financial Assets are recognised using trade date accounting.

(B) Subsequent Measurement

a) Financial Assets measured at Amortised Cost (AC)

A Financial Asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise to cash flows on specified dates that represent solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it 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 represents solely payments of principal and interest on the principal amount outstanding.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI. The Company has made such election on an instrument-by-instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories is measured at FVTPL. Financial assets are reclassified subsequent to their recognition, if the Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109 – Financial Instruments.

(C) Investments

Investments are classified in to Current or Non-Current Investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as Current Investments. All other Investments are classified as Non - Current

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Investments. However, that part of Non - Current Investments which are expected to be realized within twelve months from the Balance Sheet date is also presented under "Current Investments" under "Current portion of Non-Current Investments" in consonance with Current/Non-Current classification of Schedule - III of the Act.

All the equity investment which covered under the scope of Ind AS 109, "Financial Instruments" is measured at the fair value. Investment in Mutual Fund is measured at fair value through profit and loss (FVTPL). Trading Instruments are measured at fair value through profit and loss (FVTPL).

(D) Investment in Subsidiaries, Associates and Joint Ventures

The Company has accounted for its investments in Subsidiaries, associates and joint venture at cost less impairment loss (if any).

(E) Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

1.3.14 Financial Instruments – Financial Liabilities

(A) Initial Recognition and Measurement

All Financial Liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

(B) Subsequent Measurement

Financial Liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.3.15 Derivative Financial Instruments and Hedge Accounting

The Company enters into derivative contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial assets measured at amortised cost.

The Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognised financial assets ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Company's Risk Management objective and strategy.

The hedge relationship so designated is accounted for

in accordance with the accounting principles prescribed for a cash flow hedge under Ind AS 109, 'Financial Instruments'.

Recognition and measurement of cash flow hedge:

The Company strictly uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. As per Ind AS 109 - Financial Instruments, foreign currency forward contracts are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in hedge reserve (under reserves and surplus) through other comprehensive income and the ineffective portion is recognised immediately in the statement of profit and loss.

The accumulated gains / losses on the derivatives accounted in hedge reserve are transferred to the statement of profit and loss in the same period in which gains / losses on the underlying item hedged are recognised in the statement of profit and loss.

Derecognition:

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in hedge reserve and be reclassified to the statement of profit and loss in the same period or periods during which the formerly hedged transaction is reported in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gains / losses recognised in hedge reserve is transferred to the statement of profit and loss.

Fair Value Hedge:

The Company designates derivative contracts or non-derivative Financial Assets/Liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

1.3.16 Derecognition of Financial Instruments

The Company derecognises a Financial Asset when the contractual rights to the cash flows from the Financial

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Asset expire or it transfers the Financial Asset and the transfer qualifies for derecognition under Ind AS 109. A Financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.3.17 Financial Instruments – Offsetting

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.3.18 Taxes on Income

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

(a) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax authorities, based on tax rates and laws that are enacted at the Balance sheet date.

(b) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Presentation

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

1.3.19 Segment Reporting

Segments are identified having regard to the dominant source and nature of risks and returns and the internal organization and management structure. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and Managing Director (CMD) of the Company have been identified as the Chief Operating Decision Maker (CODM).

1.3.20 Research and Development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss as and when incurred.

Development costs are capitalised as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

1.3.21 Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year adjusted for bonus element in equity share. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

1.3.22 Provisions, Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

1.3.23 Events after Reporting Date

Where events occurring after the Balance Sheet date provide evidence of condition that existed at the end of reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

1.3.24 Non – Current Assets Held For Sales

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Non-current assets held for sale are neither depreciated nor amortised.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of sale and are presented separately in the Balance Sheet.

1.3.25 Cash Flows Statement

Cash Flows Statements are reported using the method set out in the Ind AS – 7, “Cash Flow Statements”, whereby the Net Profit / (Loss) before tax is adjusted for the effects of the transactions of a Non-Cash nature, any deferrals or accrual of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.3.26 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, cash at banks, short-term deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.3.27 Recent Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards

under Companies (Indian Accounting Standards) Rules as issued from time to time.

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In August 2025, MCA notified the following amendments to:

1. Ind AS 1, Presentation of Financial Statements, applicable w.e.f April 1, 2025 - The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date, and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Company has no impact of these amendments in its classification criteria of current and non-current liabilities.

Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments - Disclosures, applicable w.e.f April 1, 2025 - The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

1.4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty:

The preparation of the Company's Financial Statements requires management to make judgment, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

1.4.1 Income Tax

The Company's tax jurisdiction is in India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the income tax provisions, including the amount expected to be paid / recovered for uncertain.

1.4.2 Property Plant and Equipment/ Intangible Assets

Estimates are involved in determining the cost attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Property, Plant and Equipment/Intangible Assets are depreciated/amortised over their estimated useful life, after taking into account estimated residual value. Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful life and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is revised if there are significant changes from previous estimates.

1.4.3 Defined Benefits Obligations

The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS - 19, "Employee Benefits" over the period during which benefit is derived from the employees' services. It is determined by using the Actuarial Valuation and assessed on the basis of assumptions selected by the management. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. Due to complexities involved in the valuation and its long term in nature, a defined benefit obligation is highly sensitive to change in these assumptions. All assumptions are reviewed at each balance sheet date.

1.4.4 Fair value measurements of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets,

their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgments and assumptions.

1.4.5 Recoverability of Trade Receivables

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

1.4.6 Provisions

The timing of recognition and quantification of the liability (including litigations) requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

1.4.7 Impairment of Financial and Non - Financial Assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

1.4.8 Recognition of Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Company uses judgment to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits and business developments.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 2 : Property Plant & Equipments and Intangible asset

Particulars	Land	Land (Leasehold)	Factory Building	Solar Plant	Plant & Machinery	Tools and Dies	Electric Installation	Furniture & Fixture	Vehicles	Computers	Office Equipment	Total
(₹ in Lakhs)												
Gross Block												
As at 31 March, 2024	60.79	539.60	436.70	147.13	1,810.16	652.09	58.52	22.99	153.70	39.55	58.57	3,979.80
Additions	-	-	162.40	-	26.74	36.72	0.24	1.85	-	10.17	12.45	250.57
Disposals/ Adjustments	-	-	-	-	(3.19)	-	-	-	-	-	-	(3.19)
As at 31 March, 2025	60.79	539.60	599.10	147.13	1,833.71	688.81	58.76	24.84	153.70	49.72	71.02	4,227.18
Additions	-	-	-	-	2.71	-	0.40	-	-	24.41	1.11	28.63
Disposals/ Adjustments	-	-	-	-	-	(12.59)	-	-	-	-	-	(12.59)
As at 31 March, 2026	60.79	539.60	599.10	147.13	1,836.42	676.22	59.16	24.84	153.70	74.13	72.13	4,243.22
Accumulated Depreciation												
As at 31 March, 2024	-	20.50	71.71	28.09	580.11	463.30	23.71	8.08	56.57	16.85	26.02	1,294.94
Depreciation charge for the year	-	5.18	22.64	9.32	172.71	99.71	6.98	2.32	18.25	11.57	11.60	360.28
Reversal on Disposal/ Adjustments	-	-	-	-	(0.22)	-	-	-	-	-	-	(0.22)
As at 31 March, 2025	-	25.68	94.35	37.41	752.60	563.01	30.69	10.40	74.82	28.42	37.62	1,655.00
Depreciation charge for the year	-	5.18	28.46	9.32	174.34	66.06	6.98	2.36	18.25	14.76	11.85	337.56
Reversal on Disposal/ Adjustments	-	-	-	-	-	(2.29)	-	-	-	-	-	(2.29)
As at 31 March, 2026	-	30.86	122.81	46.73	926.94	626.78	37.67	12.76	93.07	43.18	49.47	1,990.27
Net Block												
Balance as on 31 March, 2025	60.79	513.92	504.75	109.72	1,081.11	125.80	28.07	14.44	78.88	21.30	33.40	2,572.18
Balance as on 31 March, 2026	60.79	508.74	476.29	100.40	909.48	49.44	21.49	12.08	60.63	30.95	22.66	2,252.95

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

B : Intangible Assets

(₹ in Lakhs)

Particular	Computer Software	Total
Gross Block		-
As at 31 March, 2024	16.73	16.73
Additions	3.33	3.33
Disposals/ Adjustments	-	-
As at 31 March, 2025	20.06	20.06
Additions	-	-
Disposals/ Adjustments	-	-
As at 31 March, 2026	20.06	20.06
Accumulated Amortization		
As at 31 March, 2024	6.17	6.17
Amortization charge for the year	5.39	5.39
Reversal on Disposal/ Adjustments	-	-
As at 31 March, 2025	11.56	11.56
Amortization charge for the year	3.86	3.86
Reversal on Disposal/ Adjustments	-	-
As at 31 March, 2026	15.42	15.42
Net Block		
Balance as on 31 March, 2025	8.50	8.50
Balance as on 31 March, 2026	4.64	4.64

Note - 3 - Financial Assets- Non Current Investment

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
UNQUOTED INVESTMENTS :		
In Equity Shares of Subsidiary Company		
Unquoted - Fully Paid Up		
2,17,87,830 equity shares of Rs. 10 each of KRN HVAC Products Private Limited - Fully Paid up (Previous year: 1,67,87,830 Equity shares of Rs. 10 each of KRN HVAC Products Private Limited - Fully Paid up)	34,076.61	24,076.61
99,00,000 equity shares of Rs. 10 each of Thermotech Research Laboratory Private Limited - Fully Paid up (Previous year: 99,00,000 Equity shares of Rs. 10 each of Thermotech Research Laboratory Private Limited - Fully Paid up)	990.00	990.00
Total	35,066.61	25,066.61
Note :		
Aggregate book value of quoted investments	-	-
Aggregate Market value of quoted investments	-	-
Aggregate carrying value of unquoted investments	35,066.61	25,066.61
Aggregate amount of impairment in value of investments	-	-

Note :

During the quarter ended March 31, 2026, KRN HVAC Products Private Limited (Subsidiary company) allotted 50,00,000 equity shares of Rs. 10 each at a premium of Rs. 190 per share to KRN Heat Exchanger and Refrigeration Limited (parent company) on January 31, 2026, by way of conversion of unsecured loan to that extent.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 4 - Other Financial Assets- Non Current

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Unsecured		
Security Deposits Others	20.13	18.86
Doubtful Receivable	68.00	68.00
Less: Allowance for Expected Credit Loss	(68.00)	-
Total	20.13	86.86

Note - 5 - Inventories

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Raw materials	5,003.96	7,847.21
Work-in-progress	234.09	1.88
Finished goods/ Stock in Trade	2,162.20	1,670.62
Total	7,400.25	9,519.71

Note: Raw Materials and Stores and Spares are valued at Cost. Finished Goods, Work-in-progress and Scrap are valued at cost or Net Realisable value whichever is less.

Note - 6 - Trade Receivables

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Considered Goods	18,994.37	9,330.67
Less: Allowance for Expected Credit Loss	(87.50)	(56.35)
Total	18,906.87	9,274.32

Note:

1. Trade Receivable Ageing schedule is given by management including related parties.
2. Refer Note 6(A) for ageing of Trade Receivables.

Note 6(A): Trade Receivables Ageing Schedule

As at 31st March, 2026

(₹ in Lakhs)

Particular	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Undisputed Trade Receivables							
- Considered Good	-	18,929.19	18.19	13.63	-	33.36	18,994.37
- Which have significant Increase in Credit Risk	-	-	-	-	-	-	-
- Credit Impaired	-	-	-	-	-	-	-
Disputed Trade Receivables							
- Considered Good	-	-	-	-	-	-	-
- Which have significant Increase in Credit Risk	-	-	-	-	-	-	-
- Credit Impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	(87.50)
Trade Receivables	-	18,929.19	18.19	13.63	-	33.36	18,906.87

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

As at 31st March, 2025

(₹ in Lakhs)

Particular	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Undisputed Trade Receivables							
- Considered Good	-	9,291.03	-	0.12	39.52	-	9,330.67
- Which have significant Increase in Credit Risk	-	-	-	-	-	-	-
- Credit Impaired	-	-	-	-	-	-	-
Disputed Trade Receivables							
- Considered Good	-	-	-	-	-	-	-
- Which have significant Increase in Credit Risk	-	-	-	-	-	-	-
- Credit Impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	(56.35)
Trade Receivables	-	9,291.03	-	0.12	39.52	-	9,274.32

Note - 7 - Cash & Cash Equivalents

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Cash and Cash Equivalents		
Cash in Hand	0.17	0.39
Bank Balance		
In Current Accounts	209.16	78.18
Total	209.33	78.57

Note: Cash-in-hand is taken as certified by the management

Note - 8 - Bank Balances other than Cash and Cash Equivalents

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Balances with bank in Fixed deposit accounts (maturity More than 3 months but less than 12th Months from reporting date)	3,125.14	3,293.95
Total	3,125.14	3,293.95

Note: Balance represent in fixed deposit accounts are held as pledged against credit facility.

Note - 9 - Loans

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Loans & Advances		
Loans to Staff	6.23	6.49
Loans to Related Parties	4,831.34	7,785.49
Total	4,837.57	7,791.98

Note - 10 - Other Financial Assets

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Interest Receivable from Deposit	64.07	34.01
Other Receivable	0.73	0.80
Total	64.80	34.81

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 11 - Other Current Assets

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Loans & Advances		
Advances to Suppliers	153.29	560.71
Advances for expenses	30.33	9.79
Others		
Prepaid Expenses	25.58	17.62
Advance Custom Duty	0.03	267.03
Subsidy Receivable	62.78	326.34
Total	272.01	1,181.49

Note - 12 - Equity Share Capital

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Authorised		
7,20,00,000 (Previous Year 7,20,00,000) Equity Shares of Rs. 10 each	7,200.00	7,200.00
	7,200.00	7,200.00
Issued, Subscribed & Paid up		
6,21,56,600 (Previous Year 6,21,56,600) Equity Shares of Rs. 10 each	6,215.66	6,215.66
Total	6,215.66	6,215.66

Reconciliation of equity share capital

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Balance at the beginning of the year		
- Number of shares	6,21,56,600	4,61,36,600
- Amount in Lakhs	6,215.66	4,613.66
Add: Shares issued during the year		
- Number of shares	-	1,60,20,000
- Amount in Lakhs	-	1,602.00
Balance at the end of the year		
- Number of shares	6,21,56,600	6,21,56,600
- Amount in Lakhs	6,215.66	6,215.66

Note:

- The Company has raised the paid up share capital by issuing 4,77,000 (Four lakhs Seventy-seven thousands) Equity shares by way of Private Placement as on 14th August, 2024 at an issue Price of Rs. 200.00 Per Equity Share (including face value of Rs. 10.00 per Equity Share and Security Premium of Rs. 190.00 per Equity Share).
- The Company has further raised the paid up capital by issuing 1,55,43,000 (One crore Fifty-Five Lakhs And Forty Three Thousands) Equity shares by way of Initial public offering as on 30th September, 2024 at an issue Price of Rs. 220.00 Per Equity Share (including face value of Rs. 10.00 per Equity Share and Security Premium of Rs. 210.00 per Equity Share).
- Rights, Preferences and Restrictions Attached to Equity shares :

The Company has one class of equity shares having a par value of Rs. 10/- each. Each shareholder is eligible for one vote per share held. The dividend, if any proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

Notes:

a) Details of Shares held by each shareholder holding more than 5% of share capital

(₹ in Lakhs)

Particular	As at 31st March, 2026	
	No of Shares	% held
Equity Shares		
Santosh Kumar Yadav	2,02,99,950	32.66%
Anju Devi	2,37,00,000	38.13%

(₹ in Lakhs)

Particular	As at 31st March, 2025	
	No of Shares	% held
Equity Shares		
Santosh Kumar Yadav	2,02,99,950	32.66%
Anju Devi	2,37,00,000	38.13%

b) Details of Shares held by Promoter of the company and change in stake of the company during the year

(₹ in Lakhs)

Particular	As at 31st March, 2026		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	2,02,99,950	32.66%	0.00%
Anju Devi	2,37,00,000	38.13%	0.00%
Manohar Lal	10	0.00%	0.00%

(₹ in Lakhs)

Particular	As at 31st March, 2025		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	2,02,99,950	32.66%	-11.34%
Anju Devi	2,37,00,000	38.13%	-13.24%
Manohar Lal	10	0.00%	0.00%

Note - 13 - Other Equity

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Retained Earning		
Balance at the beginning of the year	9,774.87	4,757.41
Add: Net Profit/(Net Loss) For the year	7,130.53	5,017.46
Balance at the end of the year	16,905.40	9,774.87
Securities Premium Reserve		
Balance at the beginning of the year	32,662.04	2,842.36
Add : Securities premium credited on share issue	-	33,546.60
Less: Expenses for issue of equity shares during the year	(26.16)	(3,726.92)
Balance at the end of the year	32,635.88	32,662.04
TOTAL	49,541.28	42,436.91
Other Comprehensive Income (OCI)		
Balance at the beginning of the year	(6.94)	(4.36)

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Particular	As at 31 March, 2026	As at 31 March, 2025
Changes during the year	14.28	(2.58)
Balance at the end of the year	7.34	(6.94)
Deferred Revenue Grant Income(DGI)		
Balance at the beginning of the year	998.53	868.90
Addition during the year	43.14	-
Changes during the year	(137.99)	129.63
Balance at the end of the year	903.68	998.53
Total Other Equity	50,452.30	43,428.50

Note - 14 - Long Term Borrowings

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Secured Borrowings		
From Banks and NBFC	143.41	268.28
Less: Current Maturity	(120.78)	(123.60)
Less: IND AS Transaction Cost Adjustment	(1.16)	(2.16)
Total	21.47	142.52

Note : Refer Note Number 14(A) for term & Condition related to Borrowing Taken By Company.

14 (A) Long Term Borrowings

S No.	Lender	Credit Facility	Type of Limit	Sanctioned Amount	Outstanding as on 31st March, 2026	Rate of Interest/ Margin	Repayment Terms	Security / Principal terms and conditions	Collateral Security / Other Condition
1	HDFC	Vehicle	Main	83.60	35.69	7.00%	84M	Vehicle	Vehicle
2	HDFC	Bbg-wc Term Loans	Main	600.00	107.72	7.23% Repo 5.25% and Spread 1.98%	72M	Debtors, Stock	50300477307325, 50300722562196, Fd, Flat No L-545, Industrial, Industrial Property, P&m, Pg Of Directors & Collateral Owners, Residential, Residential Property, TI Gift City For Us Dollars=176888.32 Sblc No-054sbb1230530001 Property Description: (1) L-548, 5th Floor Bhiwadi, Village -thada, Tehsil - Tijara, Alwar Ashiana Tower-beta Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment) (2) Villa No. A-60 Villange Iswarsinghpura And Foladpur Green Acres Neemrana Neemrana Rajasthan 301705 (Resi - Row House) (3) Plot No. F-44, Epip Neemrana Riico Industrial Area Riico Epip Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity) (4) Plot No F-48, 49, Alwar Riico Industrial Area, Epip, Neemrana Neemrana Neemrana Rajasthan 301705 (Commercial-office)

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

S No.	Lender	Credit Facility	Type of Limit	Sanctioned Amount	Outstanding as on 31st March, 2026	Rate of Interest/ Margin	Repayment Terms	Security / Principal terms and conditions	Collateral Security / Other Condition
									(5) P No F-46 And 47 Epip Neemrana Alwar-301705 Riico Ind Area Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity) (6) L-545, 5th Floor Thada And Udaipur Bhiwadi Ashiana Tower Beta Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment) (7) Flat No B-1004, Plot No Gh-2, Vasundhara Nagar, Bhiwadi, Dist - Alwar Block -b, 10th Floor, Sky View Apartments Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)

Note: Rate of Interest for above facilities is subject to periodic changes in monetary policy of Reserve Bank Of India

Note - 15 - Long Term Provisions

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Provision for Employee benefits		
Gratuity (Unfunded)	54.58	57.97
Leave Encashment	37.19	33.88
Total	91.77	91.85

Note - 16 - Deferred Tax Assets / Liabilities

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Expenses Allowed only on Payment	26.55	24.15
Allowance for doubtful debts (Expected Credit Loss)	99.16	17.48
Total Assets	125.71	41.63
Tax Rate as per Income Tax	25.17%	29.12%
Total Deferred Tax Assets	31.65	12.12
Depreciation As Per Companies Act 2013	341.42	365.44
Depreciation as Per Income Tax Act	252.22	213.88
Difference in WDV	(89.20)	(151.56)
Total Liability	(89.20)	(151.56)
Tax Rate as per Income Tax	25.17%	29.12%
Total Deferred Tax Liability	(22.45)	(44.13)
Closing (DTA) / DTL at the year end	(100.97)	(46.87)
Opening (DTA) / DTL	(46.87)	9.38
(DTA) / DTL Created during Current Years	(54.10)	(56.25)

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 17 - Short Term Borrowings

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Secured (Repayable on Demand) (From Bank)		
HDFC BANK LTD- C.C A/C	5,395.07	1,166.25
CITI BANK - C.C A/C	0.91	-
Bajaj Finance OD A/c	0.30	-
Preshipment Loan	3,536.19	1,914.36
Total (A)	8,932.47	3,080.61
Current Maturities of Non-Current Borrowings		
Current maturities of Long - Term Debt (Secured)	120.78	123.60
Total (B)	120.78	123.60
Total (A+B)	9,053.25	3,204.21

Note : Refer Note Number 17(A) for term & Condition related to Borrowing Taken By Company

17 (A) Long Term Borrowings

S no.	Lender	Credit Facility	Type of Limit	Sanctioned Amount	Outstanding as on 31st March, 2026	Rate of Interest/ Margin	Repayment Terms	Security / Principal terms and conditions	Collateral Security / Other Condition
1	HDFC	Cash Credit	Main Limit	4,500.00	5,395.07	7.00% Repo 5.25% and Spread 1.75%	12M	Debtors, Stock	50300477307325, 50300722562196, Fd, Flat No L-545, Industrial, Industrial Property, P&m, Pg Of Directors & Collateral Owners, Residential, Residential Property, TI Gift City For Us Dollars=176888.32 Sblc No-054sbb1230530001 Property Description: (1) L-548, 5th Floor Bhiwadi, Village -thada, Tehsil - Tijara, Alwar Ashiana Tower-beta Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment) (2) Villa No. A-60 Villange Iswarsinghpura And Foladpur Green Acres Neemrana Neemrana Rajasthan 301705 (Resi - Row House) (3) Plot No. F-44, Epip Neemrana Riico Industrial Area Riico Epip Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity) (4) Plot No F-48, 49, Alwar Riico Industrial Area, Epip, Neemrana Neemrana Neemrana Rajasthan 301705 (Commercial-office)

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

2	HDFC	Pre Shipment Credit	Sub Limit of Cash Credit	2,500.00		7 % Repo 5.25% and Spread 1.75%	12 M		(5) P No F-46 And 47 Epip Neemrana Alwar-301705 Riico Ind Area Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity) (6) L-545, 5th Floor Thada And Udaipur Bhiwadi Ashiana Tower Beta Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment) (7) Flat No B-1004, Plot No Gh-2, Vasundhara Nagar, Bhiwadi, Dist - Alwar Block -b, 10th Floor, Sky View Apartments Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)
3	HDFC	Post Shipment Credit	Sub Limit of Cash Credit	2,500.00		7 % Repo 5.25% and Spread 1.75%	12 M		
4	HDFC	Memo Exposure Credit Support	Main Limit	5,000.00		0.00%	365D		
5	HDFC	Sblc For Bc-wc	Sub Limit of Letter of Credit	5,500.00		Pricing to be taken at the time of Drawdown	365D		
6	HDFC	TI For Gift City-wc	Sub Limit of SBLC FOR BC-WC	5,500.00		Pricing to be taken at the time of Drawdown	365D		
7	HDFC	Letter Of Credit	Sub Limit of Cash Credit	4,500.00		Commission 0.5%	120D		
8	HDFC	Letter Of Credit	Main Limit	5,500.00		Commission 0.5%	120D		
9	HDFC	Corporate Card	Main	10.00		0.00%	12M		
10	HDFC	Purchase Card	Main	10.00		0.00%	12M		
11	HDFC	Bank Guarantee	Sub Limit of Cash Credit	4,500.00		Commission 0.5%	365D		
12	HDFC	Bank Guarantee	Sub Limit of Cash Credit	1,000.00		Commission 0.5%	365D		
13	HDFC	Psr	Main Limit	1,000.00		Commission 1.80%	365D		
14	HDFC	Drul	Main Limit	1,500.00		6.95% Repo 5.25% and Spread 1.70%	12M		
15	HDFC	Derivative Psr	Sub Limit of Psr	1,000.00		Commission 1.80%	365D		
16	HDFC	Working Capital Demand Loan	Sub Limit of Cash Credit	4,500.00		Pricing to be taken at the time of Drawdown	12 M		

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

17	Citi Bank	Cash Credit	Main Limit	4,000.00	3,537.10	8.00%	12 M		1. A first paripassu charge on Current Assets (Stock and Book Debts) of the Borrower.
18	Citi Bank	Pre-shipment Finance	Sub Limit	(4,000.00)		Spread of 2%. Linked to 1 Month T Bill. IES subvention of 2.75% applicable	6M		2. A first paripassu charge on Movable fixed assets (excluding those funded out of term loan) of the Borrower.
19	Citi Bank	Working Capital Demand Loan	Sub Limit	(3,800.00)		Rate of interest to be determined at the time of disbursement as per the terms of the sanction letter. No amount has been disbursed as at the reporting date.	6M		3. A first paripassu charge on Land and Building situated at (1) L-548, 5th Floor Bhiwadi, Alwar Ashiana Tower, Alwar. (2) Villa No. A-60 Villange Iswarsinghpura And Foladpur Green Acres Neemrana (3) Plot No F-48, 49, Alwar Riico Industrial Area, Epip, Neemrana (4) P No F-46 And 47 Epip Neemrana Alwar Rajasthan
20	Citi Bank	Bill Discounted	Sub Limit	(4,000.00)			6M		(5) Plot No. F-44, Epip Neemrana Riico Industrial Area
21	Citi Bank	Buyers Credit	Sub Limit	(4,000.00)			6M		(6) L-545, 5th Floor Thada and Udaipur Bhiwadi, Ashiana Tower Beta, Bhiwadi
22	Citi Bank	Post-shipment Finance	Sub Limit	(4,000.00)			6M		(7) Flat No B-1004, Plot No Gh-2, Vasundhara Nagar, Bhiwadi, Alwar Block -b, 10th Floor, Sky View Apartments Bhiwadi
23	Citi Bank	Usance Letter of Credit	Sub Limit	(4,000.00)			6M		4. Personal Gurantee of Santosh Kumar Yadav and Mrs Anju Devi
24	Citi Bank	Sight Letter of Credit	Sub Limit	(4,000.00)			6M		
25	Bajaj Finance	SME Unsecured	Main	35.41	0.30	16.00%	-		

Note - 18 - Trade Payables

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Trade Payables Others		
Trade Payables for Supplies	5,685.91	4,591.07
Total	5,685.91	4,591.07
Trade Payables MSME		
Trade Payables for Supplies	248.17	676.04
Total	248.17	676.04
Total	5,934.08	5,267.11

Note :

- The Company has initiated the process of identification of Vendors which falls under category of MSME, the disclosure relating to amount due to MSME are made to the extent information received.
- Disclosure Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act 2006") are Provided as Under, to the Extent the Company has Received Intimation from the "Suppliers" Regarding their Status Under the Act :

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
• Principal amount due to Micro and Small Enterprise	248.17	676.04
• Interest due on above	-	-
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises.	-	-

3. Refer Note 18(A) for ageing of Trade Payables.

Note 18(A): Trade Payables Ageing Schedule

As at 31st March, 2026

(₹ in Lakhs)

Particular	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
MSME	-	244.08	-	4.09	-	248.17
Others	-	5,647.58	23.98	1.16	13.19	5,685.91
Disputed dues- MSME	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-
Trade Payables	-	5,891.66	23.98	5.25	13.19	5,934.08

Note : Trade Payable Ageing schedule is given by management including related parties.

As at 31st March, 2025

(₹ in Lakhs)

Particular	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
MSME	-	671.93	4.09	-	0.02	676.04
Others	-	4,574.41	2.29	13.19	1.18	4,591.07
Disputed dues- MSME	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-
Trade Payables	-	5,246.34	6.38	13.19	1.20	5,267.11

Note :- Trade Payable Ageing schedule is given by management including related parties.

Note - 19 - Other Current Liabilities (Non Financial)

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Advance from customers	11.83	23.40
Statutory Dues - GST and others	80.93	291.11
Others	0.93	-
Total	93.69	314.51

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 20 - Short Term Provisions

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Provision for Expense	97.78	157.19
Provision for Employee benefits		
Gratuity (Unfunded)	2.89	2.53
Leave Encashment	4.18	2.99
Total	104.85	162.71

Note - 21 - Current Tax Liabilities

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Provision for Income Tax [net of prepaid taxes]	294.20	128.78
Total	294.20	128.78

Note - 22 - Revenue From Operations

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Sale of Products		
Export Sales	9,229.40	6,745.10
Domestic Sales	58,390.54	36,359.58
Other Operating Revenue	3.07	14.29
Total	67,623.01	43,118.97

Note - 23 - Other Income

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Balance Written Off	3.07	1.31
Foreign Exchange Gain	68.31	204.25
Freight on Sales	60.42	70.50
Duty Drawback	9.35	36.21
Interest Income	238.73	270.90
Interest Income - USL	716.79	-
Other Income	8.78	10.51
Government Grant	137.99	133.99
Interest Income - MSME	0.81	-
Insurance claim income	10.38	-
Gain on Sales of Fixed Assets	14.50	-
MCX Trading P/L	103.16	-
Total	1,372.29	727.67

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

Note - 24 - Cost Of Materials Consumed

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Opening Stock at the beginning of the year	7,847.21	6,788.74
Add : Purchases and Incidental Expenses (Net of returns, claims/ discount, if any)	32,136.53	33,343.22
Less : Closing Stock at the end of the year	(5,003.96)	(7,847.21)
Total	34,979.78	32,284.75

Note - 25 - Purchase of Stock-In-Trade

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Purchases and Incidental Expenses (Net of returns, claims/ discount, if any)	21,165.88	-
Total	21,165.88	-

Note - 26 - Changes In Inventories Of Finished Goods, Work-In-Progress and Stock-In-Trade

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Opening Stock		
Work-in-Progress	1.88	680.31
Finished Goods / Stores, Spares & Fuels	1,670.62	971.47
	1,672.50	1,651.78
Closing Stock		
Work-in-Progress	(234.09)	(1.88)
Finished Goods / Stores, Spares & Fuels	(2,162.20)	(1,670.62)
	(2,396.29)	(1,672.50)
Total	(723.79)	(20.72)

Note - 27 - Employee Benefit Expenses

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Contributions to Provident and Other Fund	38.06	45.81
Director Remuneration	150.00	105.00
Gratuity and Leave Encashment (net of reversals, if any)	26.55	24.15
Salaries, Wages & Other Benefits	1,584.24	1,676.80
Staff Welfare Expenses	45.31	53.95
Total	1,844.16	1,905.71

Note - 28 - Finance Costs

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Financial Expenses to Bank		
Interest to Bank	302.07	279.02
Bank Charges	76.41	57.66
Loan Processing Fees	1.01	1.03
Financial Expenses to Others		

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
LC Advising Expenses	-	0.09
Interest on unsecured loan	0.17	1.15
Interest Expenses - IT	18.46	-
Total	398.12	338.95

Note - 29 - Depreciation & Amortisation Expenses

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Depreciation on Property, Plant and Equipments	337.56	360.05
Amortisation of Intangible Assets	3.86	5.39
Total	341.42	365.44

Note - 23 - Other Income

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Manufacturing & Service Cost		
Electricity Expenses	64.42	75.87
Diesel Expenses	18.49	21.71
Freight & Carriage (Inward)	336.43	420.30
Import Clearance Expenses	168.63	245.80
Other Direct Expenses	90.16	156.08
Total Manufacturing & Service Cost	678.13	919.76
Administration, Selling & Other Expenses		
Audit Fees	11.25	11.00
Advertisement & Publicity	5.86	27.06
Business Promotion Expenses	111.88	66.54
Conveyance & Travelling Expenses	99.82	87.48
Fees, Duties, Rates & Taxes	22.57	7.22
Freight Outward Expenses	383.26	356.21
Festival Expenses	46.71	29.67
Insurance Expenses	49.94	31.21
Office Expenses	9.75	2.61
License & Membership Fees	3.62	-
Printing & Stationery	41.93	5.69
Rent Expenses	9.79	5.71
Repairs & Maintenance Expenses	36.70	40.66
Expected Credit Loss	99.16	17.48
Telephone Expenses	2.00	1.98
Donation & Charity	-	0.51
Vehicle Running & Maintenance Expenses	6.83	2.32

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Other Expenses	3.10	2.33
Postage & Courier Expenses	0.83	0.30
Discount	9.19	19.58
Security Charges	35.71	35.40
Legal & Professional Charges	80.87	56.04
Tax Expenses	3.05	36.12
CSR Expenditures	118.19	80.70
Director Sitting Fees	7.90	4.70
Broker Expenses	0.03	-
Total Administration, Selling & Other Expenses	1,199.94	928.52
Total	1,878.07	1,848.28

Note - 30.1 - Audit Fees

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Statutory Audit Fees	8.00	9.00
Tax Audit Fees	1.00	-
Internal Audit Fees	1.00	1.00
Cost Audit Fees	0.75	1.00
Secretarial Audit fees	0.50	-
Total	11.25	11.00

Note - 31 - Tax Expense

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Current Tax	2,382.39	2,165.00
Deferred Tax Expenses/(Reversal)	(58.90)	(55.20)
Income Tax (short/ excess provision)	(302.65)	(3.03)
Total	2,020.84	2,106.77

Note - 32 - Earnings Per Share (EPS)

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Net Profit / (Loss) for calculation of basic / diluted EPS (Rs in Lakhs)	7,130.53	5,017.46
Weighted Average Number of Equity Shares in calculating Basic and Diluted EPS	6,21,56,600	5,42,29,967
Basic Earnings/(Loss) Per Share	11.47	9.25
Diluted Earnings/(Loss) Per Share	11.47	9.25
Nominal Value of Equity Shares	10.00	10.00

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 33 - Details of Employee Benefits:

The Company has the following post-employment benefit plans:

A. Defined Contribution Plan

Contribution to defined contribution plan recognised as expense for the period is as under:

The Company offers its employees benefits under defined contribution plans in the form of provident fund. Provident fund cover substantially all regular employees which are on payroll of the company. Both the employees and the Company pay predetermined contributions into the provident fund and approved superannuation fund. The contributions are normally based on a certain proportion of the employee's salary and are recognised in the Statement of Profit and Loss as incurred.

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Contribution to provident fund and other Fund	38.06	45.81

B. Defined Benefit Plan - Gratuity:

- (i) The Company administers its employees' gratuity scheme funded liability. The present value of the liability for the defined benefit plan of gratuity obligation is determined based on actuarial valuation by an independent actuary at the period end, which is calculated using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

- (ii) Gratuity benefits in India are governed by the Payment of Gratuity Act, 1972. The key features are as under

Benefits Offered	15/26* salary* Duration of service
Salary Definition	Last Drawn Qualifying Wages as per Code on Social Security, 2020
Benefit Ceiling	Benefit Ceiling of Rs 20 Lakhs
Vesting Conditions	5 Years of Continuous Service (Not Applicable In Case of Death/sability)
Benefit on Resignation/Withdrawals	Same as Retirement Benefit based on service up to exit
Benefit on Death	Same as Retirement Benefit but no vesting Condition applies
Retirement Age	58 Years

(iii) Characteristics of defined benefit plans and risks associated with them:

Valuation of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:
Adverse Salary Growth Experience:

Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the code on Social Security, 2020 thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

B. Changes in the Present value of Obligation

(₹ in Lakhs)

Particular	As at 31st March, 2026	As at 31st March, 2025
Present Value of Obligation as at the beginning	60.51	38.25
Current Service Cost	13.94	15.89
Interest Expense or Cost	4.02	2.72
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	(3.61)	3.02
- change in demographic assumptions		-
- experience variance	(15.47)	0.63
Benefits Paid	(1.92)	-
Present Value of Obligation as at the end of the year	57.47	60.51
Bifurcation of Actuarial losses/ (gains)		
Actuarial losses/ (gains) arising from change in financial assumptions	(3.61)	3.02
Actuarial losses/ (gains) arising from change in demographic assumptions	-	-
Actuarial losses/ (gains) arising from experience adjustments	(15.47)	0.63
Actuarial losses/ (gains)	(19.08)	3.65
Bifurcation of Present Value of Benefit Obligation		
Current - Amount due within one year	2.89	2.53
Non-Current - Amount due after one year	54.58	57.97
Total	57.47	60.50

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Expected Benefit Payments in Future Years

(Projections are for current members and their currently accumulated benefits)

(₹ in Lakhs)

Particular	As at 31st March, 2026	As at 31st March, 2025
Year 1	2.89	2.53
Year 2	3.85	3.08
Year 3	3.80	3.92
Year 4	3.87	3.89
Year 5	4.12	4.68
Year 6 and above	24.19	21.65

Sensitivity Analysis of Defined Benefit Obligation with references to Key Assumptions

(₹ in Lakhs)

Particular	As at 31st March, 2026	As at 31st March, 2025
Amounts recognized in Balance Sheet		
Net Liability / (Asset) recognised in Balance Sheet	41.37	36.87
Amounts recognized in Statement of Profit and Loss		
Current Service Cost	9.63	7.59
Past Service Cost	-	-
Net interest on net Defined Liability / (Asset)	2.41	2.42
Expected return on plan assets	-	-
Net actuarial losses (gains) recognised in the year	(3.46)	(4.48)
Expenses recognised in Statement of Profit and Loss	8.58	5.53

Actuarial Assumptions

(₹ in Lakhs)

Particular	As at 31st March, 2026	As at 31st March, 2025
Discount Rate	7.35%	6.80%
Expected rate of salary increase	8.00%	7.00%
Expected Return on Plan Assets	N/A	N/A
Availment Rate	1.00%	1.00%
In Service Encashment Rate	0.00%	0.00%
Mortality Rates	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Retirement Age	58	58

Note- 34 - Contingent Liabilities and Capital Commitments

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
(I) Contingent Liabilities: *		
a) Bank Guarantees	1,888.60	1,493.18
b) Letter of Credit	2,534.34	4,390.40
c) Under Direct Tax	-	0.44
d) Under Indirect Tax	494.66	367.62
e) Under EPCG/Advance Authorisation Import Duty Benefit received from DGFT not considered as liability until it fulfils the Export Obligation	1,158.30	811.90

*The amount shown above are excluding interest and disclosed to the extent quantifiable and ascertainable.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

Note - 35 – Financial Instruments

Financial Risk Management – Objectives and Policies

The Company's financial liabilities mainly comprise the loans and borrowings in domestic currency, money related to capital expenditures, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets comprise mainly of investments, security deposits, cash and cash equivalents, other balances with banks, trade and other receivables that derive directly from its business operations.

The Company is exposed to the Market Risk, Credit Risk and Liquidity Risk from its financial instruments.

The Management of the Company has implemented a risk management system which is monitored by the Board of Directors of the Company. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Company are set out in the risk management principles. These principles aim at encouraging all members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The guidelines on risk management specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims to identify, assess, mitigate the risks in order to minimize the potential adverse effect on the Company's financial performance.

The following disclosures summarize the Company's exposure to the financial risks and the information regarding use of derivatives employed to manage the exposures to such risks. Quantitative Sensitivity Analysis has been provided to reflect the impact of reasonably possible changes in market rate on financial results, cash flows and financial positions of the Company.

A. Financial Assets and Liabilities

(₹ in Lakhs)

Particular	As at 31st March, 2026		
	Amortised Cost **	FVTPL ***	FVTOCI
Assets Measured at			
Investments*	-	-	-
Trade receivables	18,906.87	-	-
Cash and Cash Equivalent	209.33	-	-
Bank Balances other than cash and cash equivalents	3,125.14	-	-
Loans	4,837.57	-	-
Other Financial Assets	84.93	-	-
Total	27,163.84	-	-
Liabilities Measured at			
Borrowings (including current maturities of non-current borrowings)	9,074.72	-	-
Trade payables	5,934.08	-	-
Other Financial Liabilities	-	-	-
Total	15,008.80	-	-

(₹ in Lakhs)

Particular	As at 31st March, 2025		
	Amortised Cost **	FVTPL ***	FVTOCI
Assets Measured at			
Investments*	-	-	-
Trade receivables	9,274.32	-	-
Cash and Cash Equivalent	78.57	-	-
Bank Balances other than cash and cash equivalents	3,293.95	-	-
Loans	7,791.98	-	-
Other Financial Assets	121.67	-	-
Total	20,560.49	-	-
Liabilities Measured at			

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Particular	As at 31st March, 2025		
	Amortised Cost **	FVTPL ***	FVTOCI
Borrowings (including current maturities of non-current borrowings)	3,346.73	-	-
Trade payables	5,267.11	-	-
Other Financial Liabilities	-	-	-
Total	8,613.84	-	-

(*) Investment in subsidiaries are measured at cost as per Ind AS 27, "Separate financial statements", and hence not presented here.

(**) Fair value of financial assets and liabilities measured at amortized cost approximates their respective carrying values as the management has assessed that there is no significant movement in factor such as discount rates, interest rates, credit risk from the date of the transition. The fair values are assessed by the management using Level 3 inputs.

(***) The financial instruments measured at FVTPL represents current investments and derivative assets having been valued using level 2 valuation hierarchy.

Fair value hierarchy

The fair value of financial instruments as referred to in note below has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

B. 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: "Interest Rate Risk, Currency Risk and Other Price Risk". Financial instrument affected by the Market Risk includes loans and borrowings in foreign as well as domestic currency, retention money related to capital expenditures, trade and other payables.

(a) Interest Rate Risk

Interest Rate Risk is the risk that fair value or future cash outflows of a financial instrument will fluctuate because of changes in market interest rates. An upward movement in the interest rate would adversely affect the borrowing cost of the Company. The Company is exposed to long term and short - term borrowings. The Company manages interest rate risk by monitoring its mix of fixed and floating rate instruments and taking actions as necessary to maintain an appropriate balance. The Company has not used any interest rate derivatives.

(₹ in Lakhs)

Particular (*)	Year ended 31st March, 2026	Year ended 31st March, 2025
Interest Rate – Increase by 50 Basis Points	(45.38)	(16.74)
Interest Rate – Decrease by 50 Basis Points	45.38	16.74

(*) holding all other variable constant. Tax impact not considered.

(b) Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the volume of foreign currency transactions, the Company has taken certain forward contracts to manage its exposure.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

Exposure to Foreign Currency Risk

The Carrying amount of Company's unhedged Foreign Currency denominated monetary items are as follows:

(₹ in Lakhs)

Particular	As at 31st March, 2026			
	Amount in USD	Amount in EURO	Amount in GBP	Amount in Rs.
Net Unhedged Assets (Trade Receivables, Other Receivables, & Loans Given)	28.26	8.60	0.04	3,424.80
Net Unhedged Liabilities	53.97	-	-	4,919.50
Net Exposure Assets / (Liabilities)	(25.71)	8.60	0.04	(1,494.70)

(₹ in Lakhs)

Particular	As at 31st March, 2025			
	Amount in USD	Amount in EURO	Amount in GBP	Amount in Rs.
Net Unhedged Assets (Trade Receivables, Other Receivables, & Loans Given)	23.56	3.37	0.03	2,330.85
Net Unhedged Liabilities	37.85	-	-	3,239.55
Net Exposure Assets / (Liabilities)	(14.29)	3.37	0.03	(908.70)

Sensitivity Analysis

The sensitivity of profit or (loss) to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lakhs)

Particular	As at 31st March, 2026			
	Amount in USD	Amount in EURO	Amount in GBP	Amount in Rs.
INR / USD/EURO – Increase by 5%	(1.29)	0.43	0.00	(74.74)
INR / USD/EURO – Decrease by 5%	1.29	(0.43)	(0.00)	74.74

(₹ in Lakhs)

Particular	As at 31st March, 2025			
	Amount in USD	Amount in EURO	Amount in GBP	Amount in Rs.
INR / USD/EURO – Increase by 5%	(0.71)	0.17	0.00	(45.44)
INR / USD/EURO – Decrease by 5%	0.71	(0.17)	(0.00)	45.44

C. Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other Financial assets measured at amortized cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets. (i) Low credit risk, (ii) Moderate credit risk, (iii) High credit risk.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Financial assets (other than trade receivables) that expose the entity to credit risk are managed and categorized as follows:

Basis of categorisation	Asset class exposed to credit	Provision for expected credit loss
Low credit risk	Cash and Cash Equivalents, Other Bank Balances, Loans and Other Financial Assets	12 month expected credit loss.
Moderate credit risk	Other Financial Assets	12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at life time expected credit loss
High credit risk	Other Financial Assets	Life time expected credit loss (when there is significant deterioration) or specific provision whichever is higher

Financial assets (other than trade receivables) that expose the entity to credit risk (Gross exposure): -

(₹ in Lakhs)

Particular	As at 31st March, 2026	As at 31st March, 2025
Low Credit Risk		
Cash and cash equivalents	209.33	78.57
Bank Balances other than cash and cash equivalents	3,125.14	3,293.95
Loans	4,837.57	7,791.98
Other Financial Assets	84.93	121.67
Total	8,256.97	11,286.17

(i) Cash and cash equivalent and bank balance:

Credit risk related to cash and cash equivalents and bank balance is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

(ii) Loans and Other financial assets measured at amortized cost:

Other financial assets measured at amortized cost includes Security Deposit to various authorities, Loans to staff and other receivables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

(A) Expected credit losses:

Expected credit loss is provided for other financial assets, including doubtful receivables, based on the Company's assessment of recoverability of such balances. Where there is no reasonable expectation of recovery, full expected credit loss is provided on a case-to-case basis, considering factors such as ageing of the balance, financial position of the counterparty, and history of recovery. Assets are written off when recovery efforts have been exhausted and there is no reasonable expectation of realization.

Movement in Expected Credit Loss Allowance on Other Financial Assets

(₹ in Lakhs)

Particular	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the reporting period	-	-
Loss Allowance measured at lifetime expected credit losses	68.00	-
Balance at the end of reporting period	68.00	-

(iii) Trade receivables:

Life time expected credit loss is provided for trade receivables. Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

(A) Expected credit losses:

Expected credit loss for trade receivables under simplified approach:

The Company recognizes lifetime expected credit losses on trade receivables & other financial assets using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default based on the criteria defined below and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Further, the Company has evaluated recovery of receivables on a case to case basis. No provision on account of expected credit loss model has been considered for related party balances. The Company computes credit loss allowance based on provision matrix. The provision matrix is prepared on historically observed default rate over the expected life of trade receivable and is adjusted for forward - looking estimate. The provision matrix at the end of reporting period is as follows:

Particular	Expected Loss Rate
< 90 Days -	0.00%
120 to 180 days	0.50%
180 to 365 days	1.00%
1 Year to 2 Year	10.00%
2 Year to 3 Year	25.00%
3 Year >	50.00%

(₹ in Lakhs)

Movement in Expected Credit Loss Allowance on Trade Receivables	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the reporting period	56.35	38.86
Loss Allowance measured at lifetime expected credit losses	31.15	17.48
Balance at the end of reporting period	87.50	56.35

D. Liquidity Risk

Liquidity Risk is the risk that the Company will encounter difficulty in raising the funds to meet the commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Financing arrangements:

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Lakhs)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Expiring within One Year		
- CC/EPC Facility	2,094.53	4,419.39
Expiring beyond One Year		
- CC/EPC Facility	-	-

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice.

Maturities of Financial Liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. AS per Annexure "A"

E. Capital Management

The Company's capital management objectives are to ensure the company's ability to continue as a going concern, to provide an adequate return to share holders

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet. Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company manages its capital on the basis of Net Debt to Equity Ratio which is Net Debt (Total Borrowings net of Cash and Cash Equivalents) divided by total equity.

(₹ in Lakhs)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Total Borrowings	9,074.72	3,346.73
Less: Cash and Cash Equivalents	209.33	78.57
Net Debt (A)	8,865.39	3,268.16
Total Equity (B)	56,667.96	49,644.16
Capital Gearing Ratio (B/A)	6.39	15.19

The Company has complied with the covenants as per the terms and conditions of the major borrowing facilities throughout the Reporting Period.

Note - 36 – Balance confirmation of Receivables

Confirmation letters have not been obtained from all the parties in respect of Trade Receivable, Other Non- Current Assets and Other Current Assets. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

Note - 37 – Balance Confirmation of Payables

Confirmation letters have not been obtained from all the parties in respect of Trade Payable and other current liabilities. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

Note - 38 – Events occurring after the Balance sheet Date

The Group evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. There are no subsequent events to be recognized or reported that are not already disclosed.

Annexure "A"

Maturity Table of Financial Liabilities

As at 31st March, 2026

(₹ in Lakhs)

Particular	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Borrowings (including current maturities of non-current borrowing and excluding lease liabilities)	9,053.25	14.00	8.63	-	9,075.88
Less: IND AS Effect					(1.16)
Total	9,053.25	14.00	8.63	-	9,074.72
Trade payables	5,891.66	23.98	5.25	13.19	5,934.08
Total	14,944.91	37.98	13.88	13.19	15,008.80

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

As at 31st March, 2025

(₹ in Lakhs)

Particular	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Borrowings (including current maturities of non-current borrowing and excluding lease liabilities)	3,205.43	120.83	14.00	8.63	3,348.89
Less: IND AS Effect					(2.16)
Total	3,205.43	120.83	14.00	8.63	3,346.73
Trade payables	5,246.34	6.38	13.19	1.20	5,267.11
Total	8,451.77	127.21	27.19	9.83	8,613.84

Note 39 : Disclosure of Segment Reporting

Segment reporting

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
Segment revenue		
External revenue	67,623.01	43,118.97
Intersegment revenue	-	-
Total	67,623.01	43,118.97

Segments assets include:

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
India	14,155.15	6,999.82
Outside India	4,839.22	2,330.85
Total	18,994.37	9,330.67

Segments liabilities include:

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
India	1,014.58	2,027.56
Outside India	4,919.50	3,239.55
Total	5,934.08	5,267.11

(i) Details of revenue by Nature of business is as below:

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
a) Revenue from operations	67,623.01	43,118.97
b) Other income	1,372.29	727.67
Total	68,995.30	43,846.64

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

(ii) Details of revenue based on geographical location of customers is as below: (Total Revenue)

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
India	58,393.61	36,373.87
Outside India	9,229.40	6,745.10
Total	67,623.01	43,118.97

(iii) Details of non-currents assets (Property, plant and equipments based on geographical are as below:

(₹ in Lakhs)

Particular	Year ended 31st March, 2026	Year ended 31st March, 2025
India	2,257.59	2,580.68
Outside India	-	-
Total	2,257.59	2,580.68

Note - 40 - Related Parties Transaction

Disclosure of transactions with Related Parties, as required by Ind AS 24 "Related Party Disclosures" has been set out below. Related parties as defined under clause 9 of the Ind AS-24 have been identified on the basis of representations made by the management and information available with the Company and the same has been relied upon by the auditors.

Details of related party transactions during the year ended 31st March, 2026 and 31st March, 2025 and balances outstanding as at 31st March, 2026 and 31st March, 2025.

Sr No	Name Of Relationship	Name Of Related Parties
1	Promoter	Santosh Kumar Yadav Anju Devi Manohar Lal
2	Promoter Group	Sudesh Devi Yashpal Yadav Komal Yadav
3	Key Managerial Person	Praveen Kumar (Till 17th February 2025) Jitendra Kumar Sharma (w.e.f. 28th April, 2025) Srinivasa Rao Anasingraju Ketan Sharma Deepak Batheja Meenakshi Sharma Sonu Gupta
4	Subsidiary Company	KRN HVAC Products Private Limited Thermotech Research Laboratory Private Limited
5	Associates/ Sister Concern/ Group Company	KRNCools Private Limited

A) Details of related party transaction

Sr No	PARTICULARS	Transaction Value for the year ended 31st March, 2026	Transaction Value for the year ended 31st March, 2025
1	Director Remuneration Santosh Kumar Yadav Anju Devi	90.00 60.00	67.50 37.50
2	Director Sitting Fees Deepak Batheja Srinivasa Rao Anasingraju Ketan Sharma Meenakshi Sharma	2.50 1.70 2.80 0.90	1.80 0.90 2.00 -

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

Sr No	PARTICULARS	Transaction Value for the year ended 31st March, 2026	Transaction Value for the year ended 31st March, 2025
3	Salary		
	Sudesh Devi	24.00	24.00
	Sonu Gupta	17.13	15.53
	Yashpal Yadav	9.00	-
	Praveen Kumar	-	8.01
	Jitendra Sharma	16.98	-
4	Interest Income		
	KRN HVAC Products Private Limited	716.79	-
5	Loan and advances (Given)		
	KRN HVAC Products Private Limited	10,150.40	11,172.57
	Thermotech Research Laboratory Private Limited	275.71	-
6	Loan and advances (Repaid)		
	KRNC coils Private Limited	-	45.92
	KRN HVAC Products Private Limited	3,380.26	7,046.25
7	Purchase of goods and services		
	KRN HVAC Products Private Limited	12,053.36	766.87
8	Sales of goods and services		
	KRNC coils Private Limited	-	382.18
	KRN HVAC Products Private Limited	17,449.78	900.05
9	Reimbursement Expenses		
	KRNC coils Private Limited	-	45.98

B) Details of balance outstanding at the year end.

Sr No	PARTICULARS	Outstanding As on 31st March, 2026	Outstanding As on 31st March, 2025
1	Director Remuneration Payables		
	Santosh Kumar Yadav	5.50	-
	Anju Devi	1.50	-
2	Salary Payable		
	Sudesh Devi	2.00	1.06
	Sonu Gupta	1.89	0.97
	Yashpal Yadav	3.13	-
	Jitendra Sharma	1.87	-
3	Director Sitting Fees Payable		
	Deepak Batheja	0.09	0.09
	Srinivasa Rao Anasingraju	0.09	0.16
	Ketan Sharma	0.09	0.09
	Meenakshi Sharma	0.09	-
4	Loans & Advances		
	KRN HVAC Products Private Limited	4,555.63	7,785.49
	Thermotech Research Laboratory Private Limited	275.71	-
5	Trade Receivable/(Advance from customer)		
	KRNC coils Private Limited	-	(9.50)
	KRN HVAC Products Private Limited	6,083.33	39.33

Note – 41 – Additional regulatory information

- The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- The Company does not have any investment property.
- The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and Intangible assets.
- There are loans or advances in the nature of loans are granted to Promoters, Directors, KMPs and the related parties (as

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

defined under Companies Act, 2013), either severally or jointly with any other person, that are outstanding as on 31st March, 2026 are as follows which is repayable on demand:

Types of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
KRN HVAC Products Private Limited	4,555.63	94.17%
Thermotech Research Laboratory Private Limited	275.71	5.70%

- E) No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- F) The company is not declared wilful defaulter by any bank or financial institution or other lender.
- G) The company has not undertaken any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- H) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- I) The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (Ultimate Beneficiaries) by or on behalf of the company or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- J) 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 company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (Ultimate Beneficiaries) by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- K) No transactions has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961. There are no such previously unrecorded income or related assets.
- L) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

M) Corporate Social Responsibility

The Company has formed a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013. The funds have been spent on the activities specified in Schedule VII of the Act. Details of the CSR spending are as follows:

(₹ in Lakhs)

Particular	As at 31st March, 2026	As at 31st March, 2025
(i) Amount required to be spent by the Company during the year	117.74	80.03
(ii) Amount of expenditure incurred	118.19	80.70
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous year shortfall	-	-
(v) Nature of CSR activities	Education, skill development and livelihood enhancement, healthcare including preventive healthcare, environmental sustainability and ecological balance, eradication of hunger and poverty, women empowerment, promotion of heritage, art and culture, sports development, welfare of armed forces veterans, rural and slum area development, disaster relief, rehabilitation and reconstruction, technology incubation, contributions to eligible funds and institutions, and other activities specified under Schedule VII of the Companies Act, 2013.	

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

N) The Proceeds From IPO Net Off Issue Expense Is Rs. 31,111.66 Lakhs And Utilisation of the same is as follows :

PARTICULARS	Planned as per Prospectus	Utilised as at 31st March, 2026	Balance as at 31st March, 2026
Investment in our wholly owned subsidiary, KRN HVAC Products Private Limited in the form of equity for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan ("Proposed Project")	23,575.66	23575.66*	-
General corporate purposes	7,536.00	7,536.00	-
Total	31,111.66	31,111.66	-

* However as on 31st March, 2026 Out of Rs. 23,575.66 lakh which is invested in Subsidiary Company, Rs. 271.61 lakhs were pending to be utilised toward the proposed project.

O. The Company has complied with the requirements of the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.

P. The Company has complied with the provisions of the Companies Act, 2013 regarding registration of Charges with the Registrar of Companies (ROC). All charges created, modified or satisfied by the Company, if any, have been duly registered, and no charges remained pending for the registration, modification or satisfaction as at 31st March, 2026.

Note - 42- Previous year's figures have been regrouped, reclassified wherever necessary to correspond with the current year classification / disclosure.

Note 43 : Accounting Ratios:

(₹ in Lakhs)

	Ratio	As at 31 March, 2026	As at 31 March, 2025	% Variance	Reason for Variance more than 25%
A	Current ratio (In times)				
	Current Assets	34,815.97	31,174.83		Current ratio decreased from 3.43 to 2.25 times due to a higher increase in short term borrowings in current liabilities.
	Current Liabilities	15,480.07	9,077.32		
	Current ratio (In times)	2.25	3.43	-34.51%	
B	Debt-Equity Ratio (in times)				
	Total Debts	9,074.72	3,346.73		The Debt-Equity Ratio increased primarily due to a significant rise in short-term borrowings to fund higher working capital requirements arising from revenue growth, which was proportionately higher than the increase in shareholders' equity.
	Share Holder's Equity + RS	56,667.96	49,644.16		
	Debt-Equity Ratio	0.16	0.07	137.54%	
C	Debt Service Coverage Ratio(in times)				
	Earning available for debt service	9,507.48	7,548.18		The Debt Service Coverage Ratio improved significantly during the year mainly due to a substantial reduction in debt service obligations, as principal repayments and interest on term borrowings decreased following repayment of long-term debt. The ratio also improved due to higher earnings available for debt service as a result of better operating performance during the year.
	Interest + instalment	139.57	919.64		
	Debt Service Coverage Ratio	68.12	8.21	729.97%	
D	Return on Equity Ratio (in %)				
	Net Profit After Tax	7,130.53	5,017.46		Not Applicable
	Average Share Holder's Equity	53,156.06	31,361.07		
	Return on Equity Ratio	13.41%	16.00%	-16.16%	

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026 (Contd.)

	Ratio	As at 31 March, 2026	As at 31 March, 2025	% Variance	Reason for Variance more than 25%
E	Inventory Turnover Ratio (In times)				
	Cost of Goods Sold	56,100.00	33,183.79		Inventory Turnover ratio improved from 3.70 to 6.63 times due to a higher proportional increase in the cost of goods sold relative to the increase in average inventory.
	Average Inventory	8,459.98	8,980.12		
	Inventory Turnover Ratio	6.63	3.70	79.45%	
F	Trade Receivables turnover ratio (In times)				
	Net Credit Sales	67,623.01	43,118.97		Not Applicable
	Average Receivable	14,090.60	7,255.27		
	Trade Receivables turnover ratio	4.80	5.94	-19.25%	
G	Trade payables turnover ratio (In times)				
	Credit Purchase	53,302.41	33,343.22		Trade payables turnover ratio is increased from 7.53 to 9.52 due to a proportionally higher increase in credit purchases compared to the rise in average trade payables.
	Average Payable	5,600.60	4,426.49		
	Trade payables turnover ratio	9.52	7.53	26.35%	
H	Net capital turnover ratio (In times)				
	Revenue from Operations	67,623.01	43,118.97		The movement in the net capital turnover ratio from 1.95 to 3.50 is a result of increase in revenue from operations during the year.
	Net Working Capital	19,335.90	22,097.51		
	Net capital turnover ratio	3.50	1.95	79.23%	
I	Net profit ratio (in %)				
	Net Profit	7,130.53	5,017.46		Not Applicable
	Revenue form Operation	67,623.01	43,118.97		
	Net profit ratio	10.54%	11.64%	-9.38%	
J	Return on Capital employed (in %)				
	Earning Before Interest and Taxes	9,549.49	7,463.18		Not Applicable
	Capital Employed	65,742.68	52,990.89		
	Return on Capital employed	14.53%	14.08%	3.14%	
K	Return on investment (in %)				
	Income Generated from Investment Funds (Refer Note)	238.73	270.90		Not Applicable
	Invested funds	3,125.14	3,293.95		
	Return on investment	7.64%	8.22%	-7.12%	

Note: The above Income from Investment is Interest earned on Fixed Deposits(FD). The said FDs are held as pledged against credit facility. Hence is not held for investment purpose.

Notes to the Standalone Financial Statements

for the year ended on 31st March, 2026

Note - 44 - Foreign Exchange in flow/out flow

(₹ in Lakhs)

Particular	As at 31st March, 2026			
	Amount (USD)	Amount (EURO)	Amount (GPB)	Amount (INR)
Income in Foreign Currency				
Sale (Exclude Freight and Insurance)	86.89	16.41	0.10	9,229.40
Value of Imports				
Purchase of Raw material (Including Freight)	291.00	0.04	-	25,725.34
Machine , Tools and Die and Consumables	0.87	1.20	-	195.78

(₹ in Lakhs)

Particular	As at 31st March, 2025			
	Amount in USD	Amount in EURO	Amount in GBP	Amount in Rs.
Income in Foreign Currency				
Sale (Exclude Freight and Insurance)	69.31	10.42	0.05	6,745.10
Value of Imports				
Purchase of Raw material (Including Freight)	266.44	0.82	-	22,821.30
Machine , Tools and Die and Consumables	0.10	0.04	-	12.47

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To

The Members of

KRN Heat Exchanger and Refrigeration Limited

Neemrana, Rajasthan - 301705

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **KRN Heat Exchanger and Refrigeration Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprises of the Consolidated Balance Sheet as at 31st March, 2026, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended, and notes to the Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our knowledge and according to the explanations given to us, the aforesaid Consolidated Financial Statements gives the information required by the Companies Act, 2013, in the manner so required, and gives 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 31st March, 2026 and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We have conducted our audit 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 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statement.

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 31st 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition (Refer Note 1.3.10 and Note 22 to the standalone financial statements)	
The Group recognised revenue from operations of Rs. 60,005.77 Lakhs for the year ended 31st March, 2026 (Previous year: Rs. 42,984.93 Lakhs), representing growth of approximately 39.60% over the previous year. Revenue is recognised when control of goods is transferred to the customer in accordance with Ind AS 115, 'Revenue from Contracts with Customers'. Considering the significant growth in revenue during the year, the commencement of the new trading activity, the volume of transactions with related parties, the importance of recognition of revenue in the appropriate period in accordance with Ind AS 115, and the significant auditor attention required in accordance with the Standards on Auditing, revenue recognition was determined to be a key audit matter.	Our audit procedures included, among others, the following: - Assessed the appropriateness of the Group's revenue recognition accounting policies in accordance with Ind AS 115, including those applied to the new trading activity; - Evaluated the design and tested the operating effectiveness of internal controls over recognition and measurement of revenue, including controls over cut-off; - Performed substantive testing of samples of revenue transactions recorded during the year by agreeing them to sales invoices and subsequent collections; - Tested, on a sample basis, sales transactions recorded in the periods immediately before and after the year end to underlying delivery evidence to assess whether revenue was recognised in the correct period;

INDEPENDENT AUDITOR'S REPORT (Contd.)

- Tested sales to related parties with reference to approvals under Sections 177 and 188 of the Act, agreements and traced elimination-relevant balances to confirmations/reconciliations with the subsidiaries;
- Assessed the adequacy of the disclosures made in the consolidated financial statements.
- Performed cut-off procedures by testing, on a sample basis, sales transactions recorded in the periods immediately before and after the year end to assess whether revenue was recognised in the appropriate period.

Information other than the financial statements and Auditor's report thereon

The Holding Company's Management and Board of Directors are 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 the 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 and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the Consolidated financial position and Consolidated financial performance including other comprehensive income, consolidated cash flows and 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. The respective Board of Directors of the Company 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 the Group 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement, that gives 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 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 the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objective is 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:

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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 Independent Auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

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 year ended 31st 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.

Other Matters

We did not audit the financial statements / financial information of two (2) subsidiaries, whose financial statements / financial information reflect total assets of Rs. 67,002.53 Lakhs as at 31st March, 2026, revenue from operations of Rs. 21,885.89 Lakhs, and net cash outflow of Rs. 158.31 Lakhs for the year ended 31st March, 2026 as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

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 of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purposes of our audit of the aforesaid Consolidated Financial Statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statement have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, The Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statement.
 - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rule, 2015 as amended.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2026 taken on record by the Board of Directors of the Holding Company and subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the holding company and its Subsidiary Companies and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
 - 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 34 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31st March, 2026
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its Subsidiary companies incorporated in India.
 - iv. a) The respective management of the holding company and its subsidiary companies which in incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in Note 42 to the consolidated financial statements, 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 Holding Company or such subsidiary companies to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

INDEPENDENT AUDITOR'S REPORT (Contd.)

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the respective Holding Company or such subsidiary companies ("Ultimate Beneficiaries") or
 - Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- b) The respective management of the holding company and its subsidiary companies which in incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in Note 42 to the consolidated financial statements, no funds have been received by the Holding Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - Provide any guarantee, security or the like from or 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatements.
- v. The Board of Directors of the Holding Company and the respective Boards of Directors of its subsidiaries have not recommended any dividend for the financial year ended 31st March, 2026 and, accordingly, no dividend was declared or paid by the Holding Company or its subsidiaries during the year.
- (h) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company and to its Subsidiary companies to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies 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) of the Act which are required to be commented upon by us.
- (i) Based on our examination which included test checks, the Holding Company and its subsidiary companies which are companies incorporated in India has used accounting software systems for maintaining its books of account for the financial year ended 31st March, 2026 which has a feature of recording audit trail facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

For Keyur Shah & Co.

Chartered Accountants

FRN.: 141173W

Keyur Shah

Proprietor

Date: 14th May, 2026

Place: Ahmedabad

Membership No.: 153774

UDIN : 26153774LCYDYQ7183

INDEPENDENT AUDITOR'S REPORT (Contd.)

With reference to the "Annexure A" in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our Report to the members of the Holding Company, Subsidiary companies incorporated in India on Consolidated Financial Statements for the year ended 31st March 2026, We report the Following:

According to the information and explanations given to us, companies incorporated in India and included in the Consolidated Financial Statements, there have been no remarks included in their reports under Companies (Auditor's Report) Order, 2020 ("CARO"), which have been reproduced as per the requirements of the Guidance Note on CARO 2020, issued by Institute of Chartered Accountants of India.

"Annexure B" referred to in paragraph 2(f) under 'Report on other Legal and Regulatory Requirements' section of our Report of even date to the members of **KRN Heat Exchanger And Refrigeration Limited** on the Consolidated Financial Statements for the year ended 31st March, 2026.

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of KRN Heat Exchanger And Refrigeration Limited as of and for the year ended 31st March, 2026, we have audited the internal financial controls over financial reporting of KRN Heat Exchanger And Refrigeration Limited (hereinafter referred to as the "Holding Company") and its subsidiaries, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries, which are companies incorporated in India, 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 (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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Financial Statements of Holding Company, its subsidiary Companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the 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 over financial reporting with reference Financial Statements were 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Meaning of Internal Financial Controls with Reference to these Consolidated Financial Statements

A Company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 with Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2026, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For Keyur Shah & Co.

Chartered Accountants

FRN.: 141173W

Keyur Shah

Proprietor

Date: 14th May, 2026

Place: Ahmedabad

Membership No.: 153774

UDIN : 26153774LCYDYQ7183

Consolidated Balance Sheet

as at 31st March, 2026

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	As at 31st March, 2026	As at 31st March, 2025
I	ASSETS			
A	Non-Current Assets			
a)	Property Plant & Equipments	2A	31,281.46	8,491.46
b)	Intangible Assets	2B	101.83	28.38
c)	Capital Work-in-progress	2C	3,334.18	8,227.43
d)	Financial Assets			
	- Other Financial Assets	3	151.29	179.42
e)	Deferred Tax Assets (Net)	16	-	30.92
	Total Non-Current Assets		34,868.76	16,957.61
B	Current Assets			
a)	Inventories	4	27,290.97	9,585.49
b)	Financial Assets			
	- Trade receivables	5	17,470.97	9,296.12
	- Cash and Cash Equivalents	6	998.79	1,026.34
	- Bank Balances other than cash and cash equivalents	7	3,645.60	14,089.95
	- Loans	8	7.12	7.57
	- Other Financial Assets	9	79.06	175.32
c)	Other Tax Assets (net)	10	262.48	62.13
d)	Other Current Assets	11	8,557.85	8,310.92
	Total Current Assets		58,312.84	42,553.84
	TOTAL ASSETS		93,181.60	59,511.45
II	EQUITY AND LIABILITIES			
1	EQUITY			
a)	Equity Share capital	12	6,215.66	6,215.66
b)	Other Equity	13	51,183.82	43,647.79
	Equity attributable to shareholders of the company		57,399.48	49,863.45
2	NON - CONTROLLING INTEREST		-	-
	Total Equity		57,399.48	49,863.45
3	LIABILITIES			
A	Non-Current Liabilities			
a)	Financial Liabilities			
	- Long Term Borrowings	14	21.47	142.52
b)	Long Term Provisions	15	160.18	100.95
c)	Deferred Tax Liabilities (Net)	16	42.15	-
	Total Non-Current Liabilities		223.80	243.47
B	Current Liabilities			
a)	Financial Liabilities			
	- Short Term Borrowings	17	18,709.80	3,204.21
	- Trade payables			
	(i) Total outstanding dues of Micro Enterprise and Small Enterprises	18	2,553.98	676.04
	(ii) Total outstanding dues of creditors other than Micro Enterprise and Small Enterprises	18	13,269.37	4,856.15
b)	Other Current Liabilities	19	381.11	336.43
c)	Short-Term Provisions	20	349.86	202.93
d)	Current Tax Liabilities (Net)	21	294.20	128.77
	Total Current Liabilities		35,558.32	9,404.53
	Total Liabilities		35,782.12	9,648.00
	TOTAL EQUITY & LIABILITIES		93,181.60	59,511.45

The accompanying notes are an integral part of these Consolidated financial statements 1-45

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer



Consolidated Statement of Profit & Loss

for the Year ended 31st March, 2026

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	For the year ended 31st March, 2026	For the year ended 31st March, 2025
I	Revenue from operations	22	60,005.77	42,984.93
II	Other income	23	974.82	1,185.71
III	Total Income		60,980.59	44,170.64
IV	Expenses			
	a) Cost of materials consumed	24	24,311.80	31,914.90
	b) Purchase of Stock-in-Trade	25	21,165.88	-
	c) Changes in Inventories of Finished Goods, Work-In Progress and Stock-In-Trade	26	(4,298.62)	(20.72)
	d) Employee Benefit Expenses	27	4,156.36	2,108.86
	e) Finance costs	28	590.08	341.21
	f) Depreciation and amortization expense	29	1,876.49	463.25
	g) Other Expenses	30	3,422.74	1,930.98
	Total Expenses		51,224.73	36,738.48
V	Profit Before Exceptional Item/Prior period items and Tax (III-IV)		9,755.86	7,432.16
VI	Exceptional Item/Prior period items		(39.71)	-
VII	Profit Before Tax (V-VI)		9,795.57	7,432.16
VIII	Tax Expense			
	a) Current tax	31	2,382.39	2,190.45
	b) Deferred tax (Liability) / Assets	31	69.09	(42.80)
	c) Income Tax (short/ excess provision)	31	(302.65)	(3.03)
	Total Tax Expenses		2,148.83	2,144.62
IX	Profit After Tax (PAT) (VII-VIII)		7,646.74	5,287.54
X	Other Comprehensive (Income) / Expense			
	a) Items that will not be reclassified to Profit & Loss		(14.26)	4.05
	Income tax in respect of above		3.98	(1.13)
	b) Items that may be reclassified to Profit & Loss		-	-
	Income tax in respect of above		-	-
	Total Other Comprehensive Income		(10.28)	2.92
XI	Total Comprehensive Income for the Year (IX-X)		7,657.02	5,284.62
	Net Profit attributable to:			
	a) Owner of the Company		7,646.74	5,287.54
	b) Non Controlling Interest		-	-
	Other Comprehensive (Income)/ Loss attributable to:			
	a) Owner of the Company		(10.28)	2.92
	b) Non Controlling Interest		-	-
	Total Comprehensive Income/ (Loss) for the period/ year attributable to:			
	a) Owner of the Company		7,657.02	5,284.62
	b) Non Controlling Interest		-	-
XII	Earnings per equity share of Rs. 10/- each (in Rs.)			
	a) Basic	32	12.30	9.75
	b) Diluted	32	12.30	9.75

The accompanying notes are an integral part of these Consolidated financial statements 1-45

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer

Consolidated Cashflow Statement

for the Year ended 31st March, 2026

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Cash Flow from Operating Activities		
Net profit Before Tax and Extraordinary Items	9,755.86	7,432.16
Adjustments For:		
Depreciation	1,876.49	463.25
Prior period item	39.71	-
Provision for Gratuity and Leave Encashment	90.28	31.52
Adjustment Related to OCI	14.26	(4.05)
Loss on acquisition of interest in subsidiaries	-	(0.95)
Interest Received	(447.66)	(712.22)
Profit/Loss on Sale of Fixed Assets	(14.33)	-
Changes to other equity	(94.85)	129.63
Interest and Finance Charges	590.08	341.21
Operating Profit before working capital changes	11,809.84	7,680.55
Adjustment For:		
Changes in Inventories	(17,705.48)	(1,144.97)
Changes in Trade receivables	(8,174.85)	(4,052.25)
Changes in Other Financial Asset	96.26	(161.60)
Changes in Other Current Asset	(5,742.88)	(192.75)
Changes in Trade Payables	10,291.16	1,871.79
Changes in Short Term Provisions	56.65	77.67
Changes in Long Term Provisions	59.23	0.28
Changes in Other Current Liabilities	44.68	225.91
Cash Generated from Operations	(9,265.39)	4,304.61
Taxes Paid	(2,114.66)	(2,160.21)
Net Cash From /(Used In) Operating Activities (A)	(11,380.05)	2,144.40
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(24,753.15)	(826.75)
(Purchase)/Sale of Capital Work in Progress	4,893.25	(7,782.67)
Sale of Fixed Assets	27.56	13.75
Change in Bank Balance other than cash and cash equivalent	10,444.35	(13,521.26)
Advance for capital Goods	5,495.94	(6,491.18)
Changes in Other Financial Asset	28.13	(30.09)
Interest Received	447.66	712.22
Net Cash From /(Used In) Investing Activities (B)	(3,416.26)	(27,925.98)
Cash Flow from Financing Activities		
Interest and Finance Charges	(590.08)	(341.21)
Changes in Non-controlling interest	-	(0.05)
Proceeds from Issue of Shares	-	1,602.01
Security Premium	(26.16)	29,819.68
Proceeds/(Repayment) from Short Term Borrowing	15,505.59	(1,968.04)
Proceeds/(Repayment) from Short Term Lease	-	(1,090.72)
Proceeds/(Repayment) from Short-term loans and advances	0.45	45.90
Proceeds/(Repayment) from Long Term Lease	-	(1,636.05)
Repayment of Long Term Borrowing	(121.04)	(654.42)
Net Cash From Financing Activities (C)	14,768.76	25,777.11
Net Increase / (Decrease) in Cash (A)+(B)+(C)	(27.54)	(4.47)
Cash and Cash equivalents at the beginning of the year	1,026.34	1,030.81
Cash and Cash equivalents at the end of the year	998.79	1,026.34

Note:

- The above cash flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 - statement of cash flows.
- Movement in Financial Liabilities arising from Financial Activities:



Consolidated Cashflow Statement

for the Year ended 31st March, 2026

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Cash and Cash Equivalents		
Cash in Hand	0.95	1.02
Bank Balance		
In Current Accounts	997.84	400.32
In Deposit Accounts (maturity within 3 months from reporting date)	-	625.00
Total	998.79	1,026.34

Note:

1 The above cash flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 - 'Statement of Cash Flows'.

2 Movement in Financial Liabilities arising from Financial Activities:

Current Reporting Period	(Rs. in Lakhs)			
Particulars	Long Term Borrowings	Short Term Borrowings	Lease Liabilities	Interest
Balance as at 01st April, 2025	142.52	3,204.21	-	-
Interest and Finance Charges	-	-	-	(590.08)
Repayment of Long Term Borrowing	(121.04)	-	-	-
Proceeds/(Repayment) from Short Term Borrowing	-	15,505.59	-	-
Net Cash Movement during the year	(121.04)	15,505.59	-	(590.08)
Interest Charged to Statement of Profit and Loss	-	-	-	590.08
Balance as at 31st March, 2026	21.47	18,709.80	-	-

Previous Reporting Period	(Rs. in Lakhs)			
Particulars	Long Term Borrowings	Short Term Borrowings	Lease Liabilities	Interest
Balance as at 01st April, 2024	796.94	5,172.25	2,726.77	-
Interest and Finance Charges	-	-	-	(341.21)
Repayment from Lease Liabilities	-	-	(2,726.77)	-
Repayment of Long Term Borrowing	(654.42)	-	-	-
Proceeds/(Repayment) from Short Term Borrowing	-	(1,968.04)	-	-
Net Cash Movement during the year	(654.42)	(1,968.04)	(2,726.77)	(341.21)
Interest Charged to Statement of Profit and Loss	-	-	-	341.21
Balance as at 31st March, 2025	142.52	3,204.21	-	-

3 The accompanying notes are an integral part of these Consolidated financial statements

As per our report of even date attached

For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer

Consolidated statement of changes in equity

for the Year ended 31st March, 2026

A. Equity Share Capital

For the year ended 31st March, 2026

(₹ in Lakhs)

Particulars	Amount
As at 1st April, 2025	6,215.66
Changes in Equity Share Capital during the year	-
As at 31st March, 2026	6,215.66

For the year ended 31st March, 2025

(₹ in Lakhs)

Particulars	Amount
As at 1st April, 2024	4,613.66
Changes in Equity Share Capital during the year	1,602.00
As at 31st March, 2025	6,215.66

B. Other Equity

For the year ended 31st March, 2026

(₹ in Lakhs)

Particulars	Reserves & Surplus		Deferred Revenue Grant Income	Other Comprehensive Income	Total
	Retained earnings	Securities premium			
Balance as at 1st April, 2025	9,994.50	32,662.04	998.53	(7.28)	43,647.79
Net Profit/ (Loss) during the Year	7,646.74	-	-	-	7,646.74
Changes during the year		(26.16)	(94.83)	-	(120.99)
Remeasurement Gain/(Loss) on defined benefit plan (net of tax)	-	-	-	10.28	10.28
Total Comprehensive Income/ (Expense)	7,646.74	(26.16)	(94.83)	10.28	7,536.03
Balance as at 31st March, 2026	17,641.24	32,635.88	903.70	3.00	51,183.82



Consolidated statement of changes in equity

for the Year ended 31st March, 2026

For the year ended 31st March, 2025

(₹ in Lakhs)

Particulars	Reserves & Surplus		Deferred Revenue Grant Income	Other Comprehensive Income	Total
	Retained earnings	Securities premium			
Balance as at 1st April, 2024	4,707.91	2,842.36	868.90	(4.36)	8,414.81
Net Profit/ (Loss) during the Year	5,287.54	-	-	-	5,287.54
Changes during the year		29,819.68	129.63	-	29,949.31
Loss on acquisition of interest in subsidiaries	(0.95)				(0.95)
Remeasurement Gain/(Loss) on defined benefit plan (net of tax)	-	-	-	(2.92)	(2.92)
Total Comprehensive Income/ (Expense)	5,286.59	29,819.68	129.63	(2.92)	35,232.98
Balance as at 31st March, 2025	9,994.50	32,662.04	998.53	(7.28)	43,647.79

Nature and Purpose of Reserves

- (a) Securities Premium:** The amount received in excess of face value of the equity shares is recognised in securities premium reserve.
- (b) Retained earnings:** Retained earnings are the profits that the group has earned till date, less any transfer to general reserve, dividends or other distributions to shareholders.

The accompanying notes are an integral part of these Consolidated financial statements.

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026

NOTE - 1

1.1 Company Overview:

KRN Heat Exchanger And Refrigeration Limited ('the holding Group/'Group') is a limited Group domiciled and incorporated in India. The registered office of the Group is located at Plot No. F-46,47,48,49 EPIP, RIICO Industrial Area Neemrana RJ-301705, Rajasthan, India.

The Group is engaged in the activity of manufacturing and sale of Heating Ventilation & Air conditioning (HVAC) parts & accessories.

Following are the details of the subsidiaries consolidated in these financial statements:

Name of the entity	Country of Incorporation	% Equity interest 31 st March, 2026	% Equity interest 31 st March, 2025
KRN HVAC Products Private Limited	India	100.00%	100.00%
Thermotech Research Laboratory Private Limited	India	100.00%	100.00%

Principal of Consolidation :-

The Consolidated financial statements related to KRN Heat Exchanger and Refrigeration Limited ("the holding company") and its WOS (wholly owned subsidiaries) subsidiary entities viz KRN HVAC Products Private Limited and Thermotech Research Laboratory Private Limited (Together would be called as "Group"). The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the holding company and its subsidiary entities, used in the consolidation are drawn up to the same date as that of the group i.e. 31st March, 2026.
- The financial statements of the holding company and its subsidiary entities have been combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profit or losses, unless cost cannot be recovered.
- The excess of cost to the company of its investment in the subsidiary entities over its share of equity of the subsidiary entities, at the date on which the investment in the subsidiary entities were made, is recognized as 'Goodwill' being an asset in the consolidated financial statement and is tested for impairment on annual basis.
- Goodwill arising on consolidation is not amortized but tested for impairment.
- The consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.

1.2 General Information & Statement of Compliance with Ind AS:

These financial statements are the separate financial statements of the Group (also called as consolidated financial statements) prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

1.3 Significant Accounting Policies:

1.3.1 Basis of Preparation and Presentation

The Consolidated Financial Statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- Certain Financial Assets and Liabilities (including derivative instruments if any), and
- Defined Benefit Plans - Plan Assets
- Certain Property Plant And Equipment Which are Revalued (if any).

The financial statements of the Group have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

The Group's Consolidated Financial Statements are presented in Indian Rupees, which is also its functional currency.

1.3.2 Basis of consolidation

The consolidated financial statements have comprised financial statements of the Holding Group and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

through its power to direct the relevant activities of the entity. The Group can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group combines the financial statements of the Holding Group and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group i.e. its subsidiaries. It also includes the Group's share of profits, net assets and retained post-acquisition reserves of subsidiaries that are consolidated using the equity or proportionate method of consolidation, as applicable.

Control is achieved when the Group is exposed to, or has rights to the variable returns of the entity and the ability to affect those returns through its power to direct the relevant activities of the entity.

Wherever necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-Controlling interest in net profits or losses of consolidated subsidiaries for the Period is identified and adjusted against the income or loss in order to arrive at the net income or loss attributable to the shareholders of the Company. Non-Controlling interest in the net assets of the consolidated financial statements consists of the amount of equity attributable to the Non-Controlling shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of initial investments as stated above.

The difference between the cost to the group of investment in subsidiaries and the proportionate share in the equity of the investee Company as at the date of acquisition of stake is recognized in the consolidated financial statements as goodwill or capital reserve, as the case may be. Goodwill arising on consolidation is

tested for impairment annually. The proportionate share in equity has been calculated by time proportioning the adjusted profits/losses of the subsidiary Companies.

1.3.3 Fair Value Measurement

Some of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a financial reporting team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as pricing services, is used to measure fair values, then the financial reporting team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.3.4 Current and Non-Current Classification

The Group presents assets and liabilities in the Balance Sheet based on Current /Non- Current classification.

An asset is treated as Current when it is –

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;

Notes to the Consolidated Financial Statements

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- Expected to be realized 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;
- It is held primarily for the purpose of trading;
- It is 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.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.3.5 Property, Plant and Equipment

(a) Tangible Assets

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Based on technical evaluation carried out by management, depreciation

on fixed assets has been provided on the Straight line method as per the useful life and residual value prescribed Schedule II to the Companies Act, 2013. Residual value has been assessed at 5% of cost of the assets.

Depreciation and amortization on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation and amortization on sale/ discard from fixed assets is provided for up to the date of sale, deduction or discard of fixed assets as the case may be.

Individual assets costing Rs. 5,000 or below are depreciated/ amortized in full in the year of purchase. Depreciation/ Amortization method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the depreciation/ amortization period is changed accordingly.

Asset	Useful Life
Factory Building	20 years
Computer	3 years
Tools and Dies	3 years
Solar Plant	15 years
Electric Installation	8 years
Plant & machinery	10 years
Furniture & fixtures	10 years
Office equipments	5 years
Vehicles	8 years

Note: The useful life has been assessed based on technical evaluation, taking into account the nature of the asset and the estimated usage basis management's best judgement of economic benefits from those classes of assets.

(b) Capital Work-in-Progress and Capital Advances

Cost of Property, Plant and Equipment not ready for intended use, as on the balance sheet date, is shown as a "Capital Work-in-Progress". The Capital Work-in-Progress is stated at cost. Any expenditure in relation to survey and investigation of the properties is carried as Capital Work-in-Progress. Such expenditure is either capitalized as cost of the projects on completion of construction project or the same is expensed in the period in which it is decided to abandon such project. Any advance given towards acquisition of Property, Plants and Equipment outstanding at each balance sheet date is disclosed as "Other Current Assets", if any.

(c) Intangible Assets

Intangible Assets are stated at cost of acquisition

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net of recoverable taxes, trade discount and rebates less accumulated amortization /depletion and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Intangible Assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Amortization

Intangible assets with finite useful lives are amortised on a straight-line basis over their expected useful life, as estimated by the management. The useful life of each intangible asset is determined by management based on factors such as the expected pattern of consumption of economic benefits, technical or commercial obsolescence, and the period over which the Company expects to derive economic benefit from the asset.

The amortization expense on such intangible assets is recognized in the Statement of Profit and Loss. The useful life and amortization method are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.3.6 Impairment of Non-Financial Assets – Property, Plant and Equipment and Intangible Assets

The Group assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

There are no losses from impairment of assets to be recognized in the consolidated financial statements.

1.3.7 Investment Properties

Investment properties (if any), are measured initially at cost, including transaction costs. Subsequent to initial recognition, items of investment properties are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Investment properties are depreciated on straight line method on pro-rata basis at the rates specified therein. Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Long-term investments are stated at cost. Provision for diminution in the value of Long-Term investment is being made only if such decline is of other than temporary in nature in the opinion of management. Current investments are stated at lower of cost or fair value.

1.3.8 Inventories

Inventory includes raw material, work in progress, finished goods and stock in trade.

- a) Inventories values at lower of cost or net realisable value. Cost includes purchase price, taxes (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average method is used.
- b) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.
- c) The comparison of cost or net realisable value is made on item by item basis.
- d) Stock of Finished Goods, Work in Progress and scrap are valued at lower of cost or net realizable value and cost is determined by taking material, labour and related overheads.
- e) Raw Materials and Stores and Spares are valued at Cost.

1.3.9 Borrowing Costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

1.3.10 Employee Benefits

(A) Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

(B) Post-Employment Benefits

(i) Defined Contribution Plans

The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

(ii) Defined Benefit Plans

(a) Gratuity Scheme: The Group pays gratuity to the employees who have completed five years of service with the Group at the time of resignation/superannuation. The gratuity is paid @ 15 days basic salary and dearness allowances for every completed year of service as per the Payment of Gratuity Act, 1972. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognised in the period in which they occur in Other Comprehensive Income.

(iii) Other Long - Term Employee Benefits

Entitlement to annual leave is recognized when they accrue to employees.

1.3.11 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

The Group has generally typically controls the goods or services before transferring them to the customer.

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised on when the services are rendered and related cost are incurred over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

Export Incentives

Export incentive revenues are recognized when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

Interest Income

Interest Income from a Financial Assets is recognised using effective interest rate method.

Dividend Income

Dividend Income is recognised when the Group's right to receive the amount has been established.

Surplus / (Loss) on disposal of Property, Plants and Equipment / Investments

Surplus or loss on disposal of property, plants and equipment or investment is recorded on transfers of title from the Group, and is determined as the difference between the sales price and carrying value of the property, plants and equipment or investments and other incidental expenses.

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Rental Income

Rental income arising from operating lease on investments properties is accounted for on a straight - line basis over the lease term except the case where the incremental lease reflects inflationary effect and rental income is accounted in such case by actual rent for the period.

Insurance Claim

Claim receivable on account of insurance is accounted for to the extent the Group is reasonably certain of their ultimate collections.

Other Income

Revenue from other income is recognized on accrual basis.

1.3.12 Foreign Currency Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

1.3.13 Government Grants and Subsidies

Grants in the nature of subsidies which are non-refundable are recognized as income where there is reasonable assurance that the Group will comply with all the necessary conditions attached to them. Income from grants is recognized on a systematic basis over periods in which the related costs that are intended to be compensated by such grants are recognized.

Refundable government grants are accounted in accordance with the recognition and measurement

principle of Ind AS 109, "Financial Instruments". It is recognized as income when there is a reasonable assurance that the Group will comply with all necessary conditions attached to the grants. Income from such benefit is recognized on a systematic basis over the period of the grants during which the Group recognizes interest expense corresponding to such grants.

1.3.14 Financial Instruments – Financial Assets

(A) Initial Recognition and Measurement

All Financial Assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets, which are not at Fair Value Through Profit or Loss, are adjusted to the fair value on initial recognition. Purchase and sale of Financial Assets are recognised using trade date accounting.

(B) Subsequent Measurement

- a) Financial Assets measured at Amortized Cost (AC)

A Financial Asset is measured at Amortized Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise to cash flows on specified dates that represent solely payments of principal and interest on the principal amount outstanding.

- b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it 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 represents solely payments of principal and interest on the principal amount outstanding.

Further, the Group, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI. The Group has made such election on an instrument-by-instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Group recognizes dividend income from such instruments in the Statement of Profit and Loss.

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- c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories is measured at FVTPL. Financial assets are reclassified subsequent to their recognition, if the Group changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109 – Financial Instruments.

(C) Investments

Investments are classified in to Current or Non-Current Investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as Current Investments. All other Investments are classified as Non – Current Investments. However, that part of Non – Current Investments which are expected to be realized within twelve months from the Balance Sheet date is also presented under “Current Investments” under “Current portion of Non-Current Investments” in consonance with Current/Non-Current classification of Schedule – III of the Act.

All the equity investment which covered under the scope of Ind AS 109, “Financial Instruments” is measured at the fair value. Investment in Mutual Fund is measured at fair value through profit and loss (FVTPL). Trading Instruments are measured at fair value through profit and loss (FVTPL).

(D) Investment in Subsidiaries, Associates and Joint Ventures

The Group has accounted for its investments in Subsidiaries, associates and joint venture at cost less impairment loss (if any).

(E) Impairment of Financial Assets

In accordance with Ind AS 109, the Group uses ‘Expected Credit Loss’ (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

1.3.15 Financial Instruments – Financial Liabilities

(A) Initial Recognition and Measurement

All Financial Liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

(B) Subsequent Measurement

Financial Liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.3.16 Derivative Financial Instruments and Hedge Accounting

The Group enters into derivative contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial assets measured at amortized cost.

The Group formally establishes a hedge relationship between such forward currency contracts (‘hedging instrument’) and recognised financial assets (‘hedged item’) through a formal documentation at the inception of the hedge relationship in line with the Group’s Risk Management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a cash flow hedge under Ind AS 109, ‘Financial Instruments’.

Recognition and measurement of cash flow hedge:

The Group strictly uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. As per Ind AS 109 – Financial Instruments, foreign currency forward contracts are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in hedge reserve (under reserves and surplus) through other comprehensive income and the ineffective portion is recognised immediately in the statement of profit and loss.

The accumulated gains / losses on the derivatives accounted in hedge reserve are transferred to the statement of profit and loss in the same period in which gains / losses on the underlying item hedged are recognised in the statement of profit and loss.

Derecognition:

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in hedge reserve and be reclassified to the statement of profit and loss in the same period or periods during which the formerly hedged transaction is reported in the statement of profit and loss. If a hedged transaction is no longer expected to

Notes to the Consolidated Financial Statements

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occur, the net cumulative gains / losses recognised in hedge reserve is transferred to the statement of profit and loss.

Fair Value Hedge:

The Group designates derivative contracts or non-derivative Financial Assets/Liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to Statement of Profit and Loss over the period of maturity.

1.3.17 Derecognition of Financial Instruments

The Group derecognizes a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for derecognition under Ind AS 109. A Financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.3.18 Financial Instruments – Offsetting

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.3.19 Taxes on Income

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

(a) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax authorities, based on tax rates and laws that are enacted at the Balance sheet date.

(b) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Presentation

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

1.3.20 Segment Reporting

Segments are identified having regard to the dominant source and nature of risks and returns and the internal organization and management structure. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and Managing Director (CMD) of the Company have been identified as the Chief Operating Decision Maker (CODM).

1.3.21 Research and Development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss as and when incurred.

Development costs are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

1.3.22 Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year adjusted for bonus element in equity share. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

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for the year ended on 31st March, 2026 (Contd.)

1.3.23 Provisions, Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

1.3.24 Events after Reporting Date

Where events occurring after the Balance Sheet date provide evidence of condition that existed at the end of reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

1.3.25 Non – Current Assets Held For Sales

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Non-current assets held for sale are neither depreciated nor amortised.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of sale and are presented separately in the Balance Sheet.

1.3.26 Cash Flows Statement

Cash Flows Statements are reported using the method set out in the Ind AS – 7, “Cash Flow Statements”, whereby the Net Profit / (Loss) before tax is adjusted for the effects of the transactions of a Non-Cash nature, any deferrals or accrual of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

1.3.27 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, cash at banks, short-term deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.3.28 Recent Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

In May 2025, MCA notified amendments to Ind AS 21 – The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In August 2025, MCA notified the following amendments to:

1. Ind AS 1, Presentation of Financial Statements, applicable w.e.f April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date, and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Group has no impact of these amendments in its classification criteria of current and non-current liabilities.

Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments – Disclosures, applicable w.e.f April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately – The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Critical Accounting Judgments and Key Sources of Estimation Uncertainty:

The preparation of the Group's Financial Statements requires management to make judgment, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

1.4.1 Income Tax

The Group's tax jurisdiction is in India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the income tax provisions, including the amount expected to be paid / recovered for uncertain.

1.4.2 Property Plant and Equipment/ Intangible Assets

Estimates are involved in determining the cost attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Property, Plant and Equipment/Intangible Assets are depreciated/ amortised over their estimated useful life, after taking into account estimated residual value.

Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful life and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is revised if there are significant changes from previous estimates.

1.4.3 Defined Benefits Obligations

The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS – 19, "Employee Benefits" over the period during which benefit is derived from the employees' services. It is determined by using the Actuarial Valuation and assessed on the basis of assumptions selected by the management. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. Due to complexities involved in the valuation and its long term in nature, a defined benefit obligation is highly sensitive to change in these assumptions. All assumptions are reviewed at each balance sheet date.

1.4.4 Fair value measurements of Financial Instruments

When the fair values of financial assets and financial

liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgments and assumptions.

1.4.5 Recoverability of Trade Receivables

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

1.4.6 Provisions

The timing of recognition and quantification of the liability (including litigations) requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

1.4.7 Impairment of Financial and Non – Financial Assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In case of non-financial assets Group estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

1.4.8 Recognition of Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Group uses judgment to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits and business developments.

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 2A : Property Plant & Equipments

Particulars	Land	Land (Leasehold)	Factory Building	Plant & Machinery	Tools and Dies	Electric Installation	Furniture & Fixture	Vehicles	Computers	Office Equipment	Total
Gross Block											
As at 31 March, 2024	60.79	2,199.53	601.52	2,570.04	674.72	80.84	22.99	153.70	39.56	58.57	6,462.25
Additions	-	3,156.08	283.18	242.06	51.56	0.24	2.81	14.40	33.27	12.45	3,796.05
Disposals/ Adjustments	-	-	-	(13.75)	-	-	-	-	-	-	(13.75)
As at 31 March, 2025	60.79	5,355.61	884.70	2,798.35	726.28	81.08	25.80	168.10	72.83	71.02	10,244.56
Additions	-	881.56	7,297.02	14,207.44	677.09	1,328.47	9.79	57.42	176.00	5.93	24,640.72
Disposals/ Adjustments	-	-	-	(3.60)	(12.61)	-	-	-	-	-	(16.21)
As at 31 March, 2026	60.79	6,237.17	8,181.72	17,002.19	1,390.76	1,409.55	35.59	225.52	248.83	76.95	34,869.07
Accumulated Depreciation											
As at 31 March, 2024	-	20.87	72.37	613.14	463.91	23.94	8.08	56.57	16.85	26.02	1,301.75
Depreciation charge for the year	-	9.59	30.45	245.54	109.20	9.60	2.33	18.52	14.74	11.60	451.57
Reversal on Disposal/ Adjustments	-	-	-	(0.22)	-	-	-	-	-	-	(0.22)
As at 31 March, 2025	-	30.46	102.82	858.46	573.11	33.54	10.41	75.09	31.59	37.62	1,753.10
Depreciation charge for the year	-	44.68	318.48	1,109.78	188.23	101.08	2.88	22.71	40.02	12.33	1,840.19
Reversal on Disposal/ Adjustments	-	-	-	(3.39)	(2.29)	-	-	-	-	-	(5.68)
As at 31 March, 2026	-	75.14	421.30	1,964.85	759.05	134.62	13.29	97.80	71.61	49.95	3,587.61
Net Block											
Balance as on 31 March, 2025	60.79	5,325.15	781.88	1,939.89	153.17	47.54	15.39	93.01	41.24	33.40	8,491.46
Balance as on 31 March, 2026	60.79	6,162.03	7,760.42	15,037.34	631.71	1,274.93	22.30	127.72	177.22	27.00	31,281.46

Note :-

- The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- Certain property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note - 14(A) & 17(A).

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 2B : Intangible Assets

(₹ in Lakhs)

Particular	Computer Software	Total
Gross Block		-
As at 31 March, 2024	28.43	28.43
Additions	18.33	18.33
Disposals/ Adjustments	-	-
As at 31 March, 2025	46.76	46.76
Additions	109.75	109.75
Disposals/ Adjustments	-	-
As at 31 March, 2026	156.51	156.51
Accumulated Amortization		
As at 31 March, 2024	6.48	6.48
Amortization charge for the year	11.90	11.90
Reversal on Disposal/ Adjustments	-	-
As at 31 March, 2025	18.38	18.38
Amortization charge for the year	36.30	36.30
Reversal on Disposal/ Adjustments	-	-
As at 31 March, 2026	54.68	54.68
Net Block		
Balance as on 31st March, 2025	28.38	28.38
Balance as on 31st March, 2026	101.83	101.83

Note - 2C : Capital Work In Progress

(₹ in Lakhs)

Particular	Asset In WIP	Total
Gross Block		-
As at 31st March, 2024	444.76	444.76
Additions	7,833.58	7,833.58
Capitalised during the year	(50.91)	(50.91)
As at 31st March, 2025	8,227.43	8,227.43
Additions	9,826.13	9,826.13
Capitalised during the year	(14,719.38)	(14,719.38)
As at 31st March, 2026	3,334.18	3,334.18

Capital Work In Progress Ageing Schedule

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Less than 1 year	3,334.18	7,731.76
1 to 2 years	-	495.67
2 to 3 years	-	-
More than 3 Years	-	-

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 3 Other Financial Assets - Non Current

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Unsecured		
Security Deposits Others	151.29	111.42
Doubtful Receivable	68.00	68.00
Less: Expected Credit Loss	(68.00)	-
Total	151.29	179.42

Note - 4 - Inventories

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Raw materials	21,319.85	7,912.99
Work-in-progress	2,268.30	1.88
Finished goods/ Stock in Trade	3,702.82	1,670.62
Total	27,290.97	9,585.49

Note :

- 1) Raw Materials and Stores and Spares are valued at Cost. Finished Goods, Work in Progress and scrap are valued at cost or net realisable value whichever is less.
- 2) Inventories is certified and verified by the management of the group as on 31st March, 2026.

Note - 5 - Trade Receivables - Current

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Considered Goods	17,588.43	9,352.78
Less: Allowance for Expected Credit Loss	(117.46)	(56.66)
Total	17,470.97	9,296.12

Note :

- 1) Trade Receivables is certified and verified by the management of the group as on 31st March, 2026.
- 2) Refer Note 5(A) for ageing of Trade Receivables.

Note 5(A): Trade Receivables Ageing Schedule

As at 31st March, 2026

(₹ in Lakhs)

Particular	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Considered Good	-	17,005.25	491.97	57.85	-	33.36	17,588.43
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit Impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	(117.46)
Trade Receivables	-	17,005.25	491.97	57.85	-	33.36	17,470.97

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

As at 31st March, 2025

(₹ in Lakhs)

Particular	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Considered Good	-	9,313.14	-	0.12	39.52	-	9,352.78
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit Impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	(56.66)
Trade Receivables	-	9,313.14	-	0.12	39.52	-	9,296.12

Note - 6 - Cash & Cash Equivalents

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Cash and Cash Equivalents		
Cash in Hand	0.95	1.02
Bank Balance		
In Current Accounts	997.84	400.32
In Deposit Accounts (maturity within 3 months from reporting date)	-	625.00
Total	998.79	1,026.34

Note : Cash-in-Hand is taken as certified by the management of the group.

Note - 7 - Bank Balances other than cash and cash equivalents

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Balances with bank in Fixed deposit accounts (maturity more than 3 Months but less than 12 Months from reporting date)	3,645.60	14,089.95
Total	3,645.60	14,089.95

Note: Balance represent in fixed deposit accounts are held as pledged against credit facility.

Note - 8 - Loans

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Loans & Advances		
Loans to Staff	7.12	7.57
Total	7.12	7.57

Note - 9 - Other Financial Assets

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Interest Receivable from FD	78.33	174.52
Other Receivable	0.73	0.80
Total	79.06	175.32

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 10 - Other Tax Assets

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Prepaid Income Tax/ TDS (Net of Provision, if any)	262.48	62.13
Total	262.48	62.13

Note - 11 - Other Current Assets

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Loans & Advances		
Advance for Expenses	91.36	55.97
Advance For Capital goods	1,761.92	337.44
Advance to Suppliers	398.24	6,728.65
Others		
Prepaid Expenses	92.99	24.28
Advance Custom Duty	0.25	271.44
GST Receivable	6,150.31	566.80
Subsidy Receivable	62.78	326.34
Total	8,557.85	8,310.92

Note - 12 - Equity Share Capital

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Authorised		
7,20,00,000 (Previous Year 7,20,00,000) Equity Shares of Rs. 10 each	7,200.00	7,200.00
	7,200.00	7,200.00
Issued, Subscribed & Paid up		
6,21,56,600 (Previous Year 6,21,56,600) Equity Shares of Rs. 10 each	6,215.66	6,215.66
Total	6,215.66	6,215.66

Reconciliation of equity share capital

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Balance at the beginning of the year		
- Number of shares	6,21,56,600	4,61,36,600
- Amount in Lakhs	6,215.66	4,613.66
Add: Shares issued during the year		
- Number of shares	-	1,60,20,000
- Amount in Lakhs	-	1,602.00
Balance at the end of the year		
- Number of shares	6,21,56,600	6,21,56,600
- Amount in Lakhs	6,215.66	6,215.66

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Notes:

- The holding company has raised the paid up share capital by issuing 4,77,000 (Four lakhs Seventy-seven thousands) Equity shares at the issue price of Rs. 200/- per equity share (including face value of RS.10/- per equity share and premium of Rs. 190/- per equity share) through private placement by passing special resolution in EGM held at the registered office of company on 06th August, 2024. The said shares were Allotted to the shareholders on 14th August, 2024.
- The holding company has further raised the paid up capital by issuing 1,55,43,000 (One crore Fifty-Five Lakhs And Forty Three Thousands) Equity Shares at the issue price of Rs. 220/- per equity share (including face value of Rs. 10/- per equity share and premium of Rs. 210/-per equity share) through public issue by passing special resolution in EGM held at the registered office of the company on 26th March, 2024. The shares were allotted to the new shareholders vide board resolution dated 30th September, 2024.

3. Rights, Preferences and Restrictions Attached to Equity shares :

The Group has one class of equity shares having a par value of Rs. 10/- each. Each shareholder is eligible for one vote per share held. The dividend, if any proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

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 share holding.

Notes :

a) Details of Shares held by each shareholder holding more than 5% of share capital

(₹ in Lakhs)

Particular	As at 31st March, 2026		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	2,02,99,950	32.66%	0.00%
Anju Devi	2,37,00,000	38.13%	0.00%

(₹ in Lakhs)

Particular	As at 31st March, 2025		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	2,02,99,950	32.66%	-11.34%
Anju Devi	2,37,00,000	38.13%	-13.24%

b) Details of Shares held by Promoter of the company and change in stake of the company during the year

(₹ in Lakhs)

Particular	As at 31st March, 2026		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	2,02,99,950.00	32.66%	0.00%
Anju Devi	2,37,00,000.00	38.13%	0.00%
Manohar Lal	10.00	0.00%	0.00%

(₹ in Lakhs)

Particular	As at 31st March, 2025		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	2,02,99,950.00	32.66%	-11.34%
Anju Devi	2,37,00,000.00	38.13%	-13.24%
Manohar Lal	10.00	0.00%	0.00%

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 13 - Other Equity

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Retained Earning		
Balance at the beginning of the year	9994.50	4,707.91
Add/Less : Loss on acquisition of interest in subsidiaries	-	(0.95)
Add: Net Profit/(Net Loss) For the year	7646.74	5,287.54
Balance at the end of the year (A)	17,641.24	9,994.50
Securities Premium Reserve		
Balance at the beginning of the year	32,662.04	2,842.36
Add : Securities premium credited on share issue	-	33,546.60
Less: Expenses for issue of equity shares during the year	(26.16)	(3,726.92)
Balance at the end of the year (B)	32,635.88	32,662.04
Other Comprehensive Income (OCI)		
Balance at the beginning of the year	(7.28)	(4.36)
Changes during the year	10.28	(2.92)
Balance at the end of the year (C)	3.00	(7.28)
Deferred Revenue Grant Income(DGI)		
Balance at the beginning of the year	998.53	868.90
Addition during the year	43.15	-
Changes during the year	(137.98)	129.63
Balance at the end of the year (D)	903.70	998.53
Total Other Equity (A+B+C+D)	51,183.82	43,647.79

Note - 14 - Long Term Borrowings

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Secured Borrowings		
From Banks and NBFC	143.41	268.28
Less: Current Maturity	(120.78)	(123.60)
Less: IND AS Transaction Cost Adjustment	(1.16)	(2.16)
Total	21.47	142.52

Note : Refer Note Number 14(A) for term & Condition related to Borrowing Taken By Group.

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 14(A) - Long Term Borrowings

(₹ in Lakhs)

SNo.	Lender	Credit Facility	Type of Limit	Loan	Outstanding as on 31st March, 2026	Rate of Interest/ Margin	Security / Principal terms and conditions	Collateral Security / Other Condition
KRN Heat Exchanger and Refrigeration Limited								
1	HDFC	Vehicle	Main	83.60	35.69	7.00%	Vehicle	Vehicle
2	HDFC	Bbg-wc Term Loans	Main	600.00	107.72	7.23% Repo 5.25% and Spread 1.98%	Debtors, Stock	50300477307325, 50300722562196, Fd, Flat No L-545, Industrial, Industrial Property, P&m, Pg Of Directors & Collateral Owners, Residential, Residential Property, TI Gift City For Us Dollars=176888.32 Sblc No- 054sbb1230530001
Property Description:								
(1) L-548, 5th Floor Bhiwadi, Village -thada, Tehsil - Tijara, Alwar Ashiana Tower-beta Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)								
(2) Villa No. A-60 Villange Iswarsinghpura And Foladpur Green Acres Neemrana Neemrana Rajasthan 301705 (Resi - Row House)								
(3) Plot No. F-44, Epip Neemrana Riico Industrial Area Riico Epip Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity)								
(4) Plot No F-48, 49, Alwar Riico Industrial Area, Epip, Neemrana Neemrana Neemrana Rajasthan 301705 (Commercial-office)								
(5) P No F-46 And 47 Epip Neemrana Alwar-301705 Riico Ind Area Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity)								
(6) L-545, 5th Floor Thada And Udaipur Bhiwadi Ashiana Tower Beta Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)								
(7) Flat No B-1004, Plot No Gh-2, Vasundhara Nagar, Bhiwadi, Dist - Alwar Block -b, 10th Floor, Sky View Apartments Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)								

Note: Rate of Interest for above facilities is subject to periodic changes in monetary policy of Reserve Bank Of India.

Note - 15 - Long Term Provisions

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Provision for Employee benefits		
Gratuity (Unfunded)	84.13	63.39
Leave Encashment	76.05	37.56
Total	160.18	100.95

Note - 16 - Deferred Tax Assets / Liabilities

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Expenses Allowed only on Payment	(37.18)	16.78
Expected Credit Loss Provision	(29.65)	(0.15)

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Particular	As at 31 March, 2026	As at 31 March, 2025
Allowance for doubtful debts (Expected Credit Loss)	99.16	17.48
Unabsorbed Depreciation & Business Loss	(855.40)	-
Total Assets	(823.07)	34.11
Tax Rate as per Income Tax *		
Total Deferred Tax Assets	(131.17)	13.42
Depreciation As Per Companies Act 2013	1,876.49	463.25
Depreciation as Per Income Tax Act	3,477.12	391.08
Total Liability	1,600.63	(72.17)
Tax Rate as per Income Tax *		
Total Deferred Tax Liability	267.52	(30.51)
Closing (DTA) / DTL at the year end	42.15	(30.92)
Opening (DTA) / DTL	(30.92)	13
(DTA)/DTL Charged/Created during Current Year	73.07	(43.93)

* Tax rate for the KRN Heat Exchanger and Refrigeration Limited (Holding co.) is 25.17% and for KRN HVAC Products Private Limited (Subsidiary Co.) is 17.16%.

Note - 17 - Short Term Borrowings

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Secured (Repayable on Demand) (From Bank)		
HDFC BANK LTD- C.C A/C	15,051.62	1,166.25
CITI BANK - C.C A/C	0.91	-
Bajaj Finance OD A/c	0.30	-
Preshipment Loan	3,536.19	1,914.36
Total (A)	18,589.02	3,080.61
Current Maturities of Non-Current Borrowings		
Current maturities of Long - Term Debt (Secured)	120.78	123.60
Total (B)	120.78	123.60
Total (A+B)	18,709.80	3,204.21

Note: Refer Note Number 17(A) for term & Condition related to Borrowing Taken By Company

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 17(A) - Short Term Borrowing

(₹ in Lakhs)

SNo.	Lender	Credit Facility	Type of Limit	Loan	Outstanding as on 31st March, 2026	Rate of Interest/Margin	Security / Principal terms and conditions	Collateral Security / Other Condition
KRN Heat Exchanger and Refrigeration Limited								
1	HDFC	Cash Credit	Main Limit	4,500.00		7.00% Repo 5.25% and Spread 1.75%		
2	HDFC	Pre Shipment Credit	Sub Limit of Cash Credit	2,500.00		7 % Repo 5.25% and Spread 1.75%		
3	HDFC	Post Shipment Credit	Sub Limit of Cash Credit	2,500.00		7 % Repo 5.25% and Spread 1.75%		50300477307325, 50300722562196, Fd, Flat No L-545, Industrial, Industrial Property, P&m, Pg Of Directors & Collateral Owners, Residential, Residential Property, TI Gift City For Us Dollars=176888.32 Sblc No- 054sbb1230530001
4	HDFC	Memo Exposure Credit Support	Main Limit	5,000.00		0.00%		Property Description:
5	HDFC	Sblc For Bc-wc	Sub Limit of Letter of Credit	5,500.00		Pricing to be taken at the time of Drawdown		(1) L-548, 5th Floor Bhiwadi, Village -thada, Tehsil - Tijara, Alwar Ashiana Tower-beta Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)
6	HDFC	TI For Gift City-wc	Sub Limit of SBLC FOR BC-WC	5,500.00		Pricing to be taken at the time of Drawdown		(2) Villa No. A-60 Villange Iswarsinghpura And Foladpur Green Acres Neemrana Neemrana Rajasthan 301705 (Resi - Row House)
7	HDFC	Letter Of Credit	Sub Limit of Cash Credit	4,500.00	5,395.07	Commission 0.5%	Debtors, Stock	(3) Plot No. F-44, Epip Neemrana Riico Industrial Area Riico Epip Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity)
8	HDFC	Letter Of Credit	Main Limit	5,500.00		Commission 0.5%		(4) Plot No F-48, 49, Alwar Riico Industrial Area, Epip, Neemrana Neemrana Neemrana Rajasthan 301705 (Commercial-office)
9	HDFC	Corporate Card	Main	10.00		0.00%		
10	HDFC	Purchase Card	Main	10.00		0.00%		(5) P No F-46 And 47 Epip Neemrana Alwar-301705 Riico Ind Area Neemrana Neemrana Rajasthan 301705 (Industrial Estates With
11	HDFC	Bank Guarantee	Sub Limit of Cash Credit	4,500.00		Commission 0.5%		Industrial Activity)
12	HDFC	Bank Guarantee	Sub Limit of Cash Credit	1,000.00		Commission 0.5%		(6) L-545, 5th Floor Thada And Udaipur Bhiwadi Ashiana Tower Beta Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)
13	HDFC	Psr	Main Limit	1,000.00		Commission 1.80%		
14	HDFC	Drul	Main Limit	1,500.00		6.95% Repo 5.25% and Spread 1.70%		(7) Flat No B-1004, Plot No Gh-2, Vasundhara Nagar, Bhiwdi, Dist - Alwar Block -b, 10th Floor, Sky View Apartments Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)
15	HDFC	Derivative Psr	Sub Limit of Psr	1,000.00		Commission 1.80%		
16	HDFC	Working Capital Demand Loan	Sub Limit of Cash Credit	4,500.00		Pricing to be taken at the time of Drawdown		

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

17	Citi Bank	Cash Credit	Main Limit	4,000.00		8.00%	1. A first paripassu charge on Current Assets (Stock and Book Debts) of the Borrower.
18	Citi Bank	Pre-shipment Finance	Sub Limit	(4,000.00)		Spread of 2%. Linked to 1 Month T Bill. IES subvention of 2.75% applicable	2. A first paripassu charge on Movable fixed assets (excluding those funded out of term loan) of the Borrower.
19	Citi Bank	Working Capital Demand Loan	Sub Limit	(3,800.00)			3. A first paripassu charge on Land and Building situated at
20	Citi Bank	Bill Discounted	Sub Limit	(4,000.00)	3,537.10	Rate of interest to be determined at the time of disbursement as per the terms of the sanction letter. No amount has been disbursed as at the reporting date.	(1) L-548, 5th Floor Bhiwadi, Alwar Ashiana Tower, Alwar.
21	Citi Bank	Buyers Credit	Sub Limit	(4,000.00)			(2) Villa No. A-60 Villange Iswarsinghpura And Foladpur Green Acres Neemrana
22	Citi Bank	Post-shipment Finance	Sub Limit	(4,000.00)			(3) Plot No F-48, 49, Alwar Riico Industrial Area, Epip, Neemrana
23	Citi Bank	Usance Letter of Credit	Sub Limit	(4,000.00)			(4) P No F-46 And 47 Epip Neemrana Alwar Rajasthan
24	Citi Bank	Sight Letter of Credit	Sub Limit	(4,000.00)			(5) Plot No. F-44, Epip Neemrana Riico Industrial Area
25	Bajaj Finance	SME Unsecured	Main	35.41	0.30	16.00%	(6) L-545, 5th Floor Thada and Udaipur Bhiwadi, Ashiana Tower Beta, Bhiwadi
							(7) Flat No B-1004, Plot No Gh-2, Vasundhara Nagar, Bhiwadi, Alwar Block -b, 10th Floor, Sky View Apartments Bhiwadi
							4. Personal Gurantee of Santosh Kumar Yadav and Mrs Anju Devi

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

KRN HVAC Products Private Limited						
1	HDFC BANK	Retail Bank Guarantee	Main Limit	400.00	Commission .50%	
2	HDFC BANK	Retail Bank Guarantee	Main Limit	3.92	Commission .50%	
3	HDFC BANK	Drul	Main Limit	500.00	6.95 % Repo 5.25% and Spread 1.70%	
4	HDFC BANK	Letter Of Credit	Main Limit	2,000.00	Commission .50%	
5	HDFC BANK	TI For Gift City-wc	Sub Limit of SBLC For BC-WC	5,000.00	To be Decided at the time of drawdown	
6	HDFC BANK	Cash Credit	Main Limit	5,000.00	7 % Repo 5.25% and Spread 1.75%	
7	HDFC BANK	Sblc For Bc-wc	Sub Limit of Cash Credit	5,000.00	Commission .50%	
8	HDFC BANK	Bank Guarantee	Sub Limit of Cash Credit	5,000.00	Commission .50%	
9	HDFC BANK	Letter Of Credit	Sub Limit of Cash Credit	5,000.00	Commission .50%	50301162598859, Book debts/debtors, Fixed Deposit, Stock
10	HDFC BANK	Pre Shipment Credit	Sub Limit of Cash Credit	5,000.00	7 % Repo 5.25% and Spread 1.75%	
11	HDFC BANK	Post Shipment Credit	Sub Limit of Cash Credit	5,000.00	7 % Repo 5.25% and Spread 1.75%	
12	HDFC BANK	Psr	Sub Limit of Cash Credit	1,500.00	To be Decided at the time of drawdown	
13	HDFC BANK	Wcdl	Sub Limit of Cash Credit	5,000.00	To be Decided at the time of drawdown	
14	HDFC BANK	Letter Of Credit	Main Limit	3,000.00	Commission .50%	
15	HDFC BANK	Wcdl	Sub Limit of Letter of Credit	3,000.00	7 % Repo 5.25% and Spread 1.75%	
16	HDFC BANK	Cash Credit	Sub Limit of Letter of Credit	3,000.00	To be Decided at the time of drawdown	
				6,694.06		Guarantee, Industrial Property

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

17	Citi Bank	Cash Credit	Main Limit	3,000.00		8.00%	-
18	Citi Bank	Usance Letter of Credit (LC)	Sub Limit of Letter of Credit	(3,000.00)			
19	Citi Bank	Post Shipment Finance	Sub Limit of Letter of Credit	(3,000.00)			1) A 1st Pari-passu Charge on Current Assets (Stock and Book debts) of the Borrower
20	Citi Bank	Buyers Credit	Sub Limit of Letter of Credit	(3,000.00)		Rate of interest to be determined at the time of disbursement as per the terms of the sanction letter. No amount has been disbursed as at the reporting date.	2) A 1st Pari-passu Charge on Land and Building situated at SP 1-24, Kolila Joga, Neemrana, Rajasthan
21	Citi Bank	Bills Discounted	Sub Limit of Letter of Credit	(3,000.00)	2,962.49		3) Corporate Guarantee of KRN Heat Exchanger and Refrigeration Ltd
22	Citi Bank	Working Capital Demand Loan	Sub Limit of Letter of Credit	(3,000.00)			
23	Citi Bank	Sight Letter of Credit (LC)	Sub Limit of Letter of Credit	(3,000.00)			
24	Citi Bank	Pre-Shipment Finance	Sub Limit of Letter of Credit	(3,000.00)			

Note:- Rate of Interest for above facilities is subject to periodic changes in monetary policy of Reserve Bank Of India.

Note - 18 - Trade Payables

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Trade Payables MSME		
Trade Payables for Supplies	2,553.98	676.04
Total (A)	2,553.98	676.04
Trade Payables Others		
Trade Payables for Supplies	13,269.37	4,856.15
Total (B)	13,269.37	4,856.15
Total (A+B)	15,823.35	5,532.19

Note:

- Trade Payables has been taken as certified and verified by the management of the group as on 31st March, 2026.
- The Company has initiated the process of identification of Vendors which falls under category of MSME, the disclosure relating to amount due to MSME are made to the extent information received.
- Disclosure Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act 2006") are Provided as Under, to the Extent the Company has Received Intimation from the "Suppliers" Regarding their Status Under the Act :

(₹ in Lakhs)

Sub-Total	As at 31 March, 2026	As at 31 March, 2025
Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
• Principal amount due to Micro and Small Enterprise	2,553.98	676.04

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Sub-Total	As at 31 March, 2026	As at 31 March, 2025
• Interest due on above	-	-
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises.	-	-
4) Refer Note 18(A) for ageing of Trade Payables.		

Note 18(A): Trade Payables Ageing Schedule

As at 31st March, 2026

(₹ in Lakhs)

Particular	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
MSME		-	2,549.68	0.21	4.09	-	2,553.98
Others		-	13,185.77	69.25	1.16	13.19	13,269.37
Disputed dues- MSME		-	-	-	-	-	-
Disputed dues- Others		-	-	-	-	-	-
Trade Payables		-	15,735.45	69.46	5.25	13.19	15,823.35

As at 31st March, 2025

(₹ in Lakhs)

Particular	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
MSME		-	671.93	4.09		0.02	676.04
Others		-	4,839.49	2.29	13.19	1.18	4,856.15
Disputed dues- MSME		-	-	-	-	-	-
Disputed dues- Others		-	-	-	-	-	-
Trade Payables		-	5,511.42	6.38	13.19	1.20	5,532.19

Note : Trade Payable Ageing schedule is given by management of the Group.

Note - 19 - Other Current Liabilities (Non Financial)

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Advance from customers	183.66	23.40
Statutory Dues - GST and others	196.52	313.03
Others	0.93	-
Total	381.11	336.43

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 20- Short Term Provisions

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Provision for Expense	336.67	197.14
Provision for Employee benefits		
Gratuity (Unfunded)	3.45	2.54
Leave Encashment	9.75	3.25
Total	349.86	202.93

Note - 21 - Current Tax Liabilities

(₹ in Lakhs)

Particular	As at 31 March, 2026	As at 31 March, 2025
Provision for Income Tax [net of prepaid taxes]	294.20	128.77
Total	294.20	128.77

Note - 22 - Revenue From Operations

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Sale of Products		
Export Sales	9,945.67	6,745.10
Domestic Sales	50,055.78	36,170.87
Job Work Income	-	54.67
Other Operating Revenue	4.32	14.29
Total	60,005.77	42,984.93

Note - 23 - Other Income

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Balance Written Off	3.07	17.81
Discount Received	4.46	0.22
Foreign Exchange Gain	68.31	204.25
Freight on Sales	146.67	70.50
Duty Drawback	17.69	36.21
Interest Income	447.66	712.22
Other Income	8.79	10.51
Government Grant	137.99	133.99
Interest Income - MSME	0.81	-
Insurance claim income	21.71	-
Gain on Sales of Fixed Assets	14.50	-
MCX Trading Profit	103.16	-
Total	974.82	1,185.71

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 24 - Cost Of Materials Consumed

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Opening Stock at the beginning of the year	7,912.99	6,788.74
Add : Purchases and Incidental Expenses (Net of returns, claims/ discount, if any)	37,718.66	33,039.15
Less : Closing Stock at the end of the year	(21,319.85)	(7,912.99)
Total	24,311.80	31,914.90

Note - 25 - Purchase of Stock-In-Trade

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Purchases and Incidental Expenses (Net of returns, claims/discount, if any)	21,165.88	-
Total	21,165.88	-

Note - 26 - Changes In Inventories Of Finished Goods, Work-In-Progress and Stock-In-Trade

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Opening Stock		
Work-in-Progress	1.88	680.31
Finished Goods / Stores, Spares & Fuels	1,670.62	971.47
	1,672.50	1,651.78
Closing Stock		
Work-in-Progress	(2,268.30)	(1.88)
Finished Goods / Stores, Spares & Fuels	(3,702.82)	(1,670.62)
	(5,971.12)	(1,672.50)
Total	(4,298.62)	(20.72)

Note - 27 - Employee Benefit Expenses

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Contributions to Provident and Other Fund	111.64	61.95
Director Remuneration	150.00	105.00
Gratuity and Leave Encashment (net of reversals, if any)	90.28	31.52
Salaries, Wages & Other Benefits	3,629.86	1,856.05
Staff Welfare Expenses	174.58	54.34
Total	4,156.36	2,108.86

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 28 - Finance Costs

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Financial Expenses to Bank		
Interest to Bank	459.23	279.02
Bank Charges	111.21	59.92
Loan Processing Fees	1.01	1.03
Financial Expenses to Others		
LC Advising Expenses	-	0.09
Interest on unsecured loan	0.17	1.15
Interest Expenses (IT)	18.46	-
Total	590.08	341.21

Note - 29 - Depreciation & Amortisation Expenses

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Depreciation on Property, Plant and Equipments	1,840.19	451.35
Amortisation of Intangible Assets	36.30	11.90
Total	1,876.49	463.25

Note - 30 - Other Expenses

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Manufacturing & Service Cost		
Electricity Expenses	357.50	75.87
Diesel Expenses	29.10	21.71
Freight & Carriage (Inward)	499.68	431.36
Import Clearance Expenses	314.60	253.21
Other Direct Expenses	157.01	156.08
Total Manufacturing & Service Cost	1,357.89	938.23
Administration, Selling & Other Expenses		
Audit Fees	14.75	12.25
Advertisement & Publicity	6.13	27.06
Business Promotion Expenses	161.18	66.54
Conveyance & Travelling Expenses	233.45	91.06
Fees, Duties, Rates & Taxes	43.65	20.27
Freight Outward Expenses	524.50	356.21
Festival Expenses	46.84	29.67
Insurance Expenses	86.40	34.06
Office Expenses	14.25	12.34
License & Membership Fees	3.62	0.39
Printing & Stationery	41.96	6.44
Professional Fees	-	0.25
Rent Expense	56.49	5.71
Repairs & Maintenance Expenses	91.96	41.78

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Expected Credit Loss	128.81	17.63
Telephone Expenses	5.11	2.79
Service Charges Paid	-	1.27
Donation & Charity	-	0.51
Vehicle Running & Maintenance Expenses	6.94	2.67
Other Expenses	14.01	2.63
Postage & Courier Expenses	2.72	0.30
Discount	9.88	19.58
Security Charges	82.32	35.40
Legal Charges	-	10.24
Inspection Charges	1.25	-
Legal & Professional Charges	210.25	65.56
Tax Expenses	5.10	36.14
Concor charges	-	0.02
CSR Expenditures	118.19	80.70
RIICO Charges	5.09	0.48
Exchange Difference- Forex	136.07	8.10
Loss on Sale of Fixed Assets	0.17	-
Director Sitting Fees	8.50	4.70
Broker Expense	0.03	-
Computer & Software Expense	5.23	-
Total Administration, Selling & Other Expenses	2,064.85	992.75
Total	3,422.74	1,930.98

Note - 30.1 - Audit Fees

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Statutory Audit Fees	11.50	10.25
Tax Audit Fees	1.00	-
Internal Audit Fees	1.00	1.00
Cost Audit Fees	0.75	1.00
Secretarial Audit Fees	0.50	-
Total	14.75	12.25

Note - 31 - Tax Expense

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Current Tax	2,382.39	2,190.45
Deferred Tax Expenses/(Reversal)	69.09	(42.80)
Income Tax (short/ excess provision)	(302.65)	(3.03)
Total	2,148.83	2,144.62

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note- 32 - Earnings Per Share (EPS)

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Net Profit / (Loss) for calculation of basic / diluted EPS (Rs. in Lakhs)	7,646.74	5,287.54
Weighted Average Number of Equity Shares in calculating Basic and Diluted EPS	6,21,56,600	5,42,29,967
Basic Earnings/(Loss) Per Share	12.30	9.75
Diluted Earnings/(Loss) Per Share	12.30	9.75
Nominal Value of Equity Shares	10.00	10.00

Note-33 - Details of Employee Benefits:

The Company has the following post-employment benefit plans:

A. Defined Contribution Plan

Contribution to defined contribution plan recognised as expense for the period is as under:

The Company offers its employees benefits under defined contribution plans in the form of provident fund. Provident fund covers substantially all regular employees which are on payroll of the company. Both the employees and the Company pay predetermined contributions into the provident fund and approved superannuation fund. The contributions are normally based on a certain proportion of the employee's salary and are recognised in the Statement of Profit and Loss as incurred.

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
For the year ended 31st March, 2026	10.00	10.00

B. Defined Benefit Plan - Gratuity:

(i) The Company administers its employees' gratuity scheme funded liability. The present value of the liability for the defined benefit plan of gratuity obligation is determined based on actuarial valuation by an independent actuary at the period end, which is calculated using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(ii) Gratuity benefits in India are governed by the Payment of Gratuity Act, 1972. The key features are as under

Benefits Offered	15/26* salary* Duration of service
Salary Definition	Last Drawn Qualifying Wages as per Code on Social Security, 2020
Benefit Ceiling	Benefit Ceiling of Rs 20 Lakhs
Vesting Conditions	5 Years of Continuous Service (Not Applicable In Case of Death/ Disability)
Benefit on Resignation/Withdrawals	Same as Retirement Benefit based on service up to exit
Benefit on Death	Same as Retirement Benefit but no vesting Condition applies
Retirement Age	58 Years

(iii) Characteristics of defined benefit plans and risks associated with them:

Valuation of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the code on Social Security, 2020 thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

B. Changes in the Present value of Obligation

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Present Value of Obligation as at the beginning	65.93	38.72
Current Service Cost	34.19	20.41
Interest Expense or Cost	4.41	2.75
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	(5.80)	3.28
- change in demographic assumptions	-	-
- experience variance	(8.46)	0.77
Benefits Paid	(2.69)	-
Present Value of Obligation as at the end of the year	87.58	65.93
Bifurcation of Actuarial losses/ (gains)		
Actuarial losses/ (gains) arising from change in financial assumptions	(5.80)	3.28
Actuarial losses/ (gains) arising from change in demographic assumptions	-	-
Actuarial losses/ (gains) arising from experience adjustments	(8.46)	0.77
Actuarial losses/ (gains)	(14.26)	4.05

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Bifurcation of Present Value of Benefit Obligation		
Current - Amount due within one year	3.45	2.54
Non-Current - Amount due after one year	84.13	63.39
Total	87.58	65.93
Expected Benefit Payments in Future Years (Projections are for current members and their currently accumulated benefits)		
Year 1	3.44	2.54
Year 2	4.40	3.10
Year 3	4.41	3.94
Year 4	5.81	3.91
Year 5	7.01	5.01
Year 6 and above	37.88	25.41

Sensitivity Analysis of Defined Benefit Obligation with references to Key Assumptions

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Discount Rate Sensitivity		
Increase by 0.5%	34.19	20.41
Decrease by 0.5%	4.41	2.75
Salary growth rate Sensitivity		
Increase by 0.5%	(5.80)	3.28
Decrease by 0.5%	-	-
Withdrawal rate (W.R.) Sensitivity		
Increase by 10%	(8.46)	0.77
Decrease by 10%	(2.69)	-

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Amounts recognized in Balance Sheet		
Net Liability / (Asset) recognised in Balance Sheet	87.58	65.94
Amounts recognized in Statement of Profit and Loss		
Current Service Cost	34.19	20.42
Net interest on net Defined Liability / (Asset)	4.41	2.75
Expected return on plan assets	-	-
Net actuarial losses (gains) recognised in the year	(14.26)	4.05
Expenses recognised in Statement of Profit and Loss	24.34	27.22

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for the year ended on 31st March, 2026 (Contd.)

Actuarial Assumptions

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Discount Rate	7.35%	6.80%
Expected rate of salary increase	8.00%	8.00%
Expected Return on Plan Assets	N/A	N/A
Mortality Rates	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Retirement Age	58	58

C. Defined Benefit Plan - Leave Benefit Note:

- (i) The objective of the valuation is to ascertain the liability on utilization of accumulated leave. The accumulated leave may also diminish on account of utilization if permissible in the course of employment. The effect of utilization will be reflected in year to year balance and the liability will be adjusted accordingly at every annual actuarial valuation. There is no separate Indian accounting standard which lays down the actuarial valuation. There is no separate Indian accounting standard which lays down the actuarial method to be adopted for valuation of liability be adopted for valuation for liability in respect of balance of accumulated leave. However general principles to defined benefit retirement benefit have been applied.

- (ii) The benefits are governed by the Entity's Leave Policy. The key features are as under

Employee's Contribution	0%
Employer's Contribution	100%
Salary Definition for Encashment	Last Drawn Qualifying Wages as per Code on Social Security, 2020
Salary Definition for Availment	Last drawn CTC Salary
Vesting Condition	Not Applicable
Leave Credited Annually	15 days
Leave Denominator	30 days
Maximum Accumulation	60 days
Encashment during the Service	Not Allowed
Benefit On Retirement	Leave Days x Encashment Salary / Leave Denominator
Benefit on Resignation/Withdrawals	Same as Retirement Benefit
Benefit on death	Same as Retirement Benefit
Benefit on Availment	Leave Days x Availment Salary / Leave Denominator
Retirement Age	58 Years

- (iii) Characteristics of defined benefit plans and risks associated with them:

Valuation of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit,

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

B. Changes in the Present value of Obligation

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Present Value of Obligation as at the beginning	40.83	34.99
Transfer in/(out) obligation		
Current Service Cost	49.08	10.44
Interest Expense or Cost	2.66	2.51
Past Service Cost	-	-
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	(0.78)	2.60
- change in demographic assumptions	-	-
- experience variance	0.72	(7.18)
Benefits Paid by an entity	(6.71)	(2.53)
Present Value of Obligation as at the end of the year	85.80	40.83
Bifurcation of Actuarial losses/ (gains)		
Actuarial losses/ (gains) arising from change in financial assumptions	(0.78)	2.60
Actuarial losses/ (gains) arising from change in demographic assumptions	-	-
Actuarial losses/ (gains) arising from experience adjustments	0.72	(7.18)
Actuarial losses/ (gains)	(0.06)	(4.58)
Bifurcation of Present Value of Benefit Obligation		
Current - Amount due within one year	9.75	3.25

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for the year ended on 31st March, 2026 (Contd.)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Non-Current - Amount due after one year	76.05	37.56
Total	85.80	40.81
Expected Benefit Payments in Future Years (Projections are for current members and their currently accumulated benefits)		
Year 1	9.75	3.25
Year 2	6.11	3.78
Year 3	5.77	2.99
Year 4	6.36	2.80
Year 5	6.68	3.19
Year 6 and above	29.74	13.73

Sensitivity Analysis of Defined Benefit Obligation with references to Key Assumptions

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Discount Rate Sensitivity		
Increase by 0.5%	81.66	38.83
Decrease by 0.5%	90.31	42.95
Salary growth rate Sensitivity		
Increase by 0.5%	90.28	42.94
Decrease by 0.5%	81.65	38.83
Withdrawal rate (W.R.) Sensitivity		
Increase by 10%	85.71	40.72
Decrease by 10%	85.90	40.90

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Amounts recognized in Balance Sheet		
Net Liability / (Asset) recognised in Balance Sheet	85.80	40.80
Amounts recognized in Statement of Profit and Loss		
Current Service Cost	49.08	10.44
Past Service Cost	-	-
Net interest on net Defined Liability / (Asset)	2.66	2.51
Expected return on plan assets	-	-
Net actuarial losses (gains) recognised in the year	(0.06)	(4.58)
Expenses recognised in Statement of Profit and Loss	51.68	8.37

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for the year ended on 31st March, 2026 (Contd.)

Actuarial Assumptions

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Discount Rate	7.35%	6.80%
Expected rate of salary increase	8.00%	7.00%
Expected Return on Plan Assets	N/A	N/A
Availment Rate	1.00%	1.00%
In Service Encashment Rate	0.00%	0.00%
Mortality Rates	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Retirement Age	58	58

Note- 34 - Contingent Liabilities and Capital Commitments

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
(I) Contingent Liabilities: *		
a) Bank Guarantees	2,071.78	1,654.26
b) Letter of Credit	4,471.32	4,390.40
c) PSR	-	21.51
d) Under Direct Tax	-	0.44
e) Under Indirect Tax	494.66	367.62
f) Under EPCG/Advance Authorisation Import Duty Benefit received from DGFT not considered as liability until it fulfils the Export Obligation	2,942.90	811.90
(II) Capital Commitments: *		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	4,243.24	7,821.32

*The amount shown above are excluding interest and disclosed to the extent quantifiable and ascertainable.

Note - 35 - Financial Instruments

Financial Risk Management - Objectives and Policies

The Company's financial liabilities mainly comprise the loans and borrowings in domestic currency, money related to capital expenditures, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets comprise mainly of investments, security deposits, cash and cash equivalents, other balances with banks, trade and other receivables that derive directly from its business operations.

The Company is exposed to the Market Risk, Credit Risk and Liquidity Risk from its financial instruments.

The Management of the Company has implemented a risk management system which is monitored by the Board of Directors of the Company. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Company are set out in the risk management principles. These principles aim at encouraging all members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The guidelines on risk management specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims to identify, assess, mitigate the risks in order to minimize the potential adverse effect on the Company's financial performance.

The following disclosures summarize the Company's exposure to the financial risks and the information regarding use of derivatives employed to manage the exposures to such risks. Quantitative Sensitivity Analysis has been provided to reflect the impact of reasonably possible changes in market rate on financial results, cash flows and financial positions of the Company.

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

A. Financial Assets and Liabilities

(₹ in Lakhs)

Particular	Year ended 31st March, 2026		
	Amortised Cost *	FVTPL **	FVOCI
Assets Measured at			
Trade receivables	17,470.97	-	-
Cash and Cash Equivalent	998.79	-	-
Bank Balances other than cash and cash equivalents	3,645.60	-	-
Loans	7.12	-	-
Other Financial Assets	230.35	-	-
Total	22,352.83	-	-
Liabilities Measured at			
Borrowings (including current maturities of non-current borrowings)	18,731.27	-	-
Trade payables	15,823.35	-	-
Other Financial Liabilities	-	-	-
Total	34,554.62	-	-

(₹ in Lakhs)

Particular	Year ended 31st March, 2026		
	Amortised Cost *	FVTPL **	FVOCI
Assets Measured at			
Trade receivables	9,296.12	-	-
Cash and Cash Equivalent	1,026.34	-	-
Bank Balances other than cash and cash equivalents	14,089.95	-	-
Loans	7.57	-	-
Other Financial Assets	354.74	-	-
Total	24,774.72	-	-
Liabilities Measured at			
Borrowings (including current maturities of non-current borrowings)	3,346.73	-	-
Trade payables	5,532.19	-	-
Other Financial Liabilities	-	-	-
Total	8,878.92	-	-

(*) Fair value of financial assets and liabilities measured at amortized cost approximates their respective carrying values as the management has assessed that there is no significant movement in factor such as discount rates, interest rates, credit risk from the date of the transition. The fair values are assessed by the management using Level 3 inputs.

(**) The financial instruments measured at FVTPL represents current investments and derivative assets having been valued using level 2 valuation hierarchy.

Fair value hierarchy

The fair value of financial instruments as referred to in note below has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

B. 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: "Interest Rate Risk, Currency Risk and Other Price Risk". Financial instrument affected by the Market Risk includes loans and borrowings in foreign as well as domestic currency, retention money related to capital expenditures, trade and other payables.

(a) Interest Rate Risk

Interest Rate Risk is the risk that fair value or future cash outflows of a financial instrument will fluctuate because of changes in market interest rates. An upward movement in the interest rate would adversely affect the borrowing cost of the Company. The Company is exposed to long term and short - term borrowings. The Company manages interest rate risk by monitoring its mix of fixed and floating rate instruments and taking actions as necessary to maintain an appropriate balance. The Company has not used any interest rate derivatives.

Exposure to Interest Rate Risk

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Borrowing bearing fixed rate of interest	-	-
Borrowing bearing variable rate of interest	18,732.43	3,348.89

Sensitivity Analysis

Profit / (Loss) estimates to higher / lower interest rate expense from borrowings bearing variable rate of interest as a result of changes in interest rate.

(₹ in Lakhs)

Particular (*)	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Interest Rate - Increase by 50 Basis Points	(93.66)	(16.74)
Interest Rate - Decrease by 50 Basis Points	93.66	16.74

(*) holding all other variable constant. Tax impact not considered.

(b) Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the volume of foreign currency transactions, the Company has taken certain forward contracts to manage its exposure.

Exposure to Foreign Currency Risk

The Carrying amount of Company's unhedged Foreign Currency denominated monetary items are as follows:

(₹ in Lakhs)

Particular	Year ended 31st March, 2026				
	Amount in USD	Amount in EURO	Amount in GBP	Amount in AED	Amount in Rs.
Net Unhedged Assets (Trade Receivables, Other Receivables, & Loans Given)	28.65	8.71	0.05	-	3,463.46
Net Unhedged Liabilities	111.55	1.07	-	0.01	10,391.61
Net Exposure Assets / (Liabilities)	(82.90)	7.64	0.05	(0.01)	(6,928.16)

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Particular	Year ended 31st March, 2025				
	Amount in USD	Amount in EURO	Amount in GBP	Amount in AED	Amount in Rs.
Net Unhedged Assets (Trade Receivables, Other Receivables, & Loans Given)	23.56	3.37	0.03	-	2,330.85
Net Unhedged Liabilities	38.04	-	-	-	3,218.36
Net Exposure Assets / (Liabilities)	(14.48)	3.37	0.03	-	(887.51)

Sensitivity Analysis

The sensitivity of profit or (loss) to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particular	Year ended 31st March, 2026				
	Amount in USD	Amount in EURO	Amount in GBP	Amount in AED	Amount in Rs.
INR / USD/EURO - Increase by 5%	(4.15)	0.38	0.00	(0.00)	(346.41)
INR / USD/EURO - Decrease by 5%	4.15	(0.38)	(0.00)	0.00	346.41

Particular	Year ended 31st March, 2025				
	Amount in USD	Amount in EURO	Amount in GBP	Amount in AED	Amount in Rs.
INR / USD/EURO - Increase by 5%	(0.72)	0.17	0.00	-	(44.39)
INR / USD/EURO - Decrease by 5%	0.72	(0.17)	(0.00)	-	44.39

C. Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other Financial assets measured at amortized cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets. (i) Low credit risk, (ii) Moderate credit risk, (iii) High credit risk.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Financial assets (other than trade receivables) that expose the entity to credit risk are managed and categorized as follows:

Basis of categorisation	Asset class exposed to credit	Provision for expected credit loss
Low credit risk	Cash and Cash Equivalents, Other Bank Balances, Loans and Other Financial Assets	12 month expected credit loss.
Moderate credit risk	Other Financial Assets	12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at life time expected credit loss
High credit risk	Other Financial Assets	Life time expected credit loss (when there is significant deterioration) or specific provision whichever is higher

Financial assets (other than trade receivables) that expose the entity to credit risk (Gross exposure): -

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for the year ended on 31st March, 2026 (Contd.)

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Low Credit Risk		
Cash and cash equivalents	998.79	1,026.34
Bank Balances other than cash and cash equivalents	3,645.60	14,089.95
Loans	7.12	7.57
Other Financial Assets	230.35	354.74
Total	4,881.86	15,478.60

(i) Cash and cash equivalent and bank balance:

Credit risk related to cash and cash equivalents and bank balance is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

(ii) Loans and Other financial assets measured at amortized cost:

Other financial assets measured at amortized cost includes Security Deposit to various authorities, Loans to staff and other receivables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

(A) Expected credit losses:

Expected credit loss is provided for other financial assets, including doubtful receivables, based on the Company's assessment of recoverability of such balances. Where there is no reasonable expectation of recovery, full expected credit loss is provided on a case-to-case basis, considering factors such as ageing of the balance, financial position of the counterparty, and history of recovery. Assets are written off when recovery efforts have been exhausted and there is no reasonable expectation of realization.

Movement in Expected Credit Loss Allowance on Other Financial Assets

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Balance at the beginning of the reporting period	-	-
Loss Allowance measured at lifetime expected credit losses	68.00	-
Balance at the end of reporting period	68.00	-

(iii) Trade receivables:

Life time expected credit loss is provided for trade receivables. Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

(A) Expected credit losses:

Expected credit loss for trade receivables under simplified approach:

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default based on the criteria defined below and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Further, the Company has evaluated recovery of receivables on a case to case basis. No provision on account of expected credit loss model has been considered for related party balances. The Company computes credit loss allowance based on provision matrix. The provision matrix is prepared on historically observed default rate over the expected life of trade receivable and is adjusted for forward - looking estimate. The

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for the year ended on 31st March, 2026 (Contd.)

provision matrix at the end of reporting period is as follows:

Particulars	Expected Loss Rate
< 90 Days -	0.00%
120 to 180 days	0.50%
180 to 365 days	1.00%
1 Year to 2 Year	10.00%
2 Year to 3 Year	25.00%
3 Year >	50.00%

(₹ in Lakhs)

Movement in Expected Credit Loss Allowance on Trade Receivables	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Balance at the beginning of the reporting period	56.64	39.01
Loss Allowance measured at lifetime expected credit losses	60.82	17.63
Balance at the end of reporting period	117.46	56.64

D. Liquidity Risk

Liquidity Risk is the risk that the Company will encounter difficulty in raising the funds to meet the commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Financing arrangements:

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Expiring within One Year		
- CC/EPC Facility	3,437.98	4,419.39
Expiring beyond One Year		
- CC/EPC Facility	-	-

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice.

Maturities of Financial Liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. As per Annexure "A"

E. Capital Management

The Company's capital management objectives are to ensure the company's ability to continue as a going concern, to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet. Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company manages its capital on the basis of Net Debt to Equity Ratio which is Net Debt (Total Borrowings net of Cash

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for the year ended on 31st March, 2026 (Contd.)

and Cash Equivalents) divided by total equity.

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Total Borrowings	18,731.27	3,346.73
Less: Cash and Cash Equivalents	998.79	1,026.34
Net Debt (A)	17,732.48	2,320.39
Total Equity (B)	57,399.48	49,863.45
Capital Gearing Ratio (B/A)	3.24	21.49

The Company has complied with the covenants as per the terms and conditions of the major borrowing facilities throughout the Reporting Period.

Note - 36 – Balance confirmation of Receivables

Confirmation letters have not been obtained from all the parties in respect of Trade Receivable, Other Non- Current Assets and Other Current Assets. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

Note - 37 – Balance Confirmation of Payables

Confirmation letters have not been obtained from all the parties in respect of Trade Payable and other current liabilities. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

Note - 38 – Events occurring after the Balance sheet Date

The Group evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. There are no subsequent events to be recognized or reported that are not already disclosed.

Annexure "A"

Maturity Table of Financial Liabilities

As at 31st March, 2026

(₹ in Lakhs)

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Borrowings (including current maturities of non- current borrowing and excluding lease liabilities)	18,709.80	14.00	8.63	-	18,732.43
Less: IND AS Effect					(1.16)
Total	18,709.80	14.00	8.63	-	18,731.27
Trade payables	15,735.45	69.46	5.25	13.19	15,823.35
Total	34,445.25	83.46	13.88	13.19	34,554.62

As at 31st March, 2025

(₹ in Lakhs)

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Borrowings (including current maturities of non- current borrowing and excluding lease liabilities)	3,205.43	120.83	14.00	8.63	3,348.89
Less: IND AS Effect					(2.16)
Total	3,205.43	120.83	14.00	8.63	3,346.73
Trade payables	5,511.42	6.38	13.19	1.20	5,532.19
Total	8,716.85	127.21	27.19	9.83	8,878.92

Note : 39 – Disclosure of Segment Reporting

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for the year ended on 31st March, 2026 (Contd.)

Segment reporting

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Segment revenue		
External revenue	60,005.77	42,984.93
Intersegment revenue	-	-
Total	60,005.77	42,984.93

Segments assets include:

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
India	9,486.24	7,021.93
Outside India	8,102.18	2,330.85
Total	17,588.42	9,352.78

Segments liabilities include:

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
India	4,972.02	2,313.83
Outside India	10,851.33	3,218.36
Total	15,823.35	5,532.19

(i) Details of revenue by Nature of business is as below:

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
a) Revenue from operations	60,005.77	42,984.93
b) Other income	974.82	1,185.71
Total	60,980.59	44,170.64

(ii) Details of revenue based on geographical location of customers is as below:

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
India	50,060.10	36,239.83
Outside India	9,945.67	6,745.10
Total	60,005.77	42,984.93

(iii) Details of non-currents assets (Property, plant and equipments, excluding CWIP) based on geographical are as below:

(₹ in Lakhs)

Particular	For the year ended 31st March, 2026	For the year ended 31st March, 2025
India	31,383.29	8,519.84
Outside India	-	-
Total	31,383.29	8,519.84

Note - 40 - Related Party Disclosures

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Disclosure of transactions with Related Parties, as required by Ind AS 24 "Related Party Disclosures" has been set out below. Related parties as defined under clause 9 of the Ind AS 24 have been identified on the basis of representations made by the management and information available with the Company and the same has been relied upon by the auditors.

Sr No.	Nature of Relationship	Name of Related Parties
1	Promoter	Santosh Kumar Yadav Anju Devi Manohar Lal
2	Promoter Group	Sudesh Devi Komal Yadav Yashpal Yadav
3	Key Managerial Person	Sonu Gupta Jitendra Kumar Sharma (w.e.f.28th April, 2025) Srinivasa Rao Anasingraju Ketan Sharma Deepak Batheja Meenakshi Sharma Praveen Kumar (Till 17th February, 2025)
4	Subsidiaries/ Associate/ Sister Concern/ Group Company	Thermotech Research Laboratory Private Limited KRN HVAC Products Private Limited KRN Coils Private Limited
5	Parent Company	KRN Heat Exchangers and Refrigeration Limited

(₹ in Lakhs)

Sr. No.	Particulars	Transactions for the year ended on 31st March, 2026	Transactions for the year ended on 31st March, 2025
1	Director Remuneration Santosh Kumar Yadav Anju Devi	90.00 60.00	67.50 37.50
2	Salary Sudesh Devi Komal Yadav Yashpal Yadav Sonu Gupta Praveen Kumar Jitendra Sharma	24.00 - 9.00 17.13 - 16.98	24.00 4.00 - 15.53 8.01 -
3	Director Sitting Fees Deepak Batheja Srinivasa Rao Anasingraju Ketan Sharma Meenakshi Sharma	2.50 1.70 3.40 0.90	1.80 0.90 2.00 -
4	Loan Repaid Santosh Kumar Yadav	-	0.25
5	Loans and advances repaid KRN Coils Private Limited	-	45.92
6	Reimbursement Expenses KRN Coils Private Limited	-	45.98
7	Sales KRN Coils Private Limited	-	382.18

B) Details of balance outstanding at the year end.

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

(₹ in Lakhs)

Sr. No.	Particulars	Balance as on 31st March, 2026	Balance as on 31st March, 2025
1	Director Remuneration Payables Santosh Kumar Yadav Anju Devi	5.50 1.50	- -
2	Trade Receivables/ (Advance from Customers) KRN Coils Private Limited	-	(9.50)
3	Salary Payables Sudesh Devi Yashpal Yadav Sonu Gupta Jitendra Sharma	2.00 3.13 1.89 1.87	1.06 - 0.97 -
4	Director Sitting Fees Payable Deepak Batheja Srinivasa Rao Anasingraju Ketan Sharma Meenakshi Sharma	0.09 0.09 0.09 0.09	0.09 0.16 0.09 -

Note - 41 - Principles of Consolidation

The Consolidated audited financial statements related to KRN Heat Exchanger and Refrigeration Limited ("the company") and its WOS subsidiary entities viz KRN HVAC Products Private Limited and Thermotech Research Laboratory Private Limited (Together would be called as "Group"). The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the company and its subsidiary entities, used in the consolidation are drawn up to the same date as that of the company i.e. 31st March 2026.
- The Consolidated audited financial statements of the Company and its subsidiary entities have been combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profit or losses, unless cost cannot be recovered
- The excess of cost to the company of its investment in the subsidiary entities over its share of equity of the subsidiary entities, at the date on which the investment in the subsidiary entities were made, is recognized as 'Goodwill' being an asset in the consolidated financial statement and is tested for impairment on annual basis.
- Goodwill arising on consolidation is not amortized but tested for impairment.
- The consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.
- Following subsidiary companies/entities, associate and jointly controlled entities have been considered in the preparation of the consolidated financial statement:

Name of the Company	Relationship	Country of incorporation	% of Holding and voting power either directly or indirectly through subsidiaries (As at 31st March, 2026)
KRN HVAC Products Private Limited	Wholly Owned Subsidiary	India	100.00%
Thermotech Research Laboratory Private Limited	Wholly Owned Subsidiary	India	100.00%

Note - 42 - Additional regulatory information

- The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- The Company does not have any investment property.

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

- C) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and Intangible assets.
- D) There are no loans or advances in the nature of loans granted to Promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are outstanding as on 31st March, 2026.
- E) No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- F) The company is not declared wilful defaulter by any bank or financial institution or other lender.
- G) The company has not undertaken any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- H) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- I) The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (Ultimate Beneficiaries) by or on behalf of the company or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- J) 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 company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (Ultimate Beneficiaries) by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- K) No transactions has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961. There are no such previously unrecorded income or related assets.
- L) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

M) Corporate Social Responsibility

The Group has formed a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013. The funds have been spent on the activities specified in Schedule VII of the Act. Details of the CSR spending are as follows:

(₹ in Lakhs)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(i) Amount required to be spent by the Company during the year	117.74	80.03
(ii) Amount of expenditure incurred	118.19	80.70
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous year shortfall	-	-
(v) Nature of CSR activities	Education, skill development and livelihood enhancement, healthcare including preventive healthcare, environmental sustainability and ecological balance, eradication of hunger and poverty, women empowerment, promotion of heritage, art and culture, sports development, welfare of armed forces veterans, rural and slum area development, disaster relief, rehabilitation and reconstruction, technology incubation, contributions to eligible funds and institutions, and other activities specified under Schedule VII of the Companies Act, 2013.	

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

N) The Proceeds from IPO Net Off Issue Expenses is Rs. 31,111.66 Lakhs and Utilisation of the same is as follows :

(₹ in Lakhs)

Particulars	Planned as per Prospectus	Utilised as at 31st March, 2026	Balance as at 31st March, 2026
Investment in our wholly owned subsidiary , KRN HVAC Products Private Limited in the form of equity for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan ("Proposed project")	23,575.66	23575.66*	-
General corporate purposes	7,536.00	7,536.00	-
Total	31,111.66	31,111.66	-

* However as on 31st March, 2026 Out of Rs. 23,575.66 lakh which is invested in Subsidiary Company, Rs. 271.61 lakhs were pending to be utilised toward the proposed project.

- O. The Group has complied with the requirements of the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- P. The Group has complied with the provisions of the Companies Act, 2013 regarding registration of Charges with the Registrar of Companies (ROC). All charges created, modified or satisfied by the Group, if any, have been duly registered, and no charges remained pending for the registration, modification or satisfaction as at 31st March, 2026.

Note - 43 - Previous year's figures have been regrouped, reclassified wherever necessary to correspond with the current year classification / disclosure.

Note : 44 :- Accounting Ratios:

(₹ in Lakhs)

	Particulars	As at 31st March, 2026	As at 31st March, 2025	% change
A	Current ratio (In times)			
	Current Assets	58,312.84	42,553.84	
	Current Liabilities	35,558.32	9,404.53	
	Current ratio (In times)	1.64	4.52	-173.29%
B	Debt-Equity Ratio (in times)			
	Total Debts	18,731.27	3,346.73	
	Share Holder's Equity + RS	57,399.48	49,863.45	
	Debt-Equity Ratio	0.33	0.07	56.58%
C	Debt Service Coverage Ratio (in times)			
	Earnings available for debt service	11,647.03	7,953.92	
	Interest + instalment	139.56	919.64	
	Debt Service Coverage Ratio	83.46	8.65	903.29%
D	Return on Equity Ratio (in %)			
	Net Profit After Tax	7,646.74	5,287.54	
	Average Share Holder's Equity	53,631.47	31,445.96	
	Return on Equity Ratio	14.26%	16.81%	-6.11%
E	Inventory Turnover Ratio (In times)			
	Cost of Goods Sold	42,536.95	32,832.41	
	Average Inventory	18,438.23	9,013.01	
	Inventory Turnover Ratio	2.31	3.64	-40.86%
F	Trade Receivables turnover ratio (In times)			
	Net Credit Sales	60,005.77	42,984.93	
	Average Receivable	13,383.54	7,270.00	
	Trade Receivables turnover ratio	4.48	5.91	-21.11%
G	Trade payables turnover ratio (In times)			
	Credit Purchase	58,884.54	33,039.15	
	Average Payable	10,677.77	4,596.30	
	Trade payables turnover ratio	5.51	7.19	-28.61%

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

	Particulars	As at 31st March, 2026	As at 31st March, 2025	% change
H	Net capital turnover ratio (In times)			
	Revenue from Operations	60,005.77	42,984.93	
	Net Working Capital	22,754.52	33,149.31	
	Net capital turnover ratio	2.64	1.30	29.48%
I	Net profit ratio (in %)			
	Net Profit	7,646.74	5,287.54	
	Revenue form Operation	60,005.77	42,984.93	
	Net profit ratio	12.74%	12.30%	3.46%
J	Return on Capital employed (in %)			
	Earnings Before Interest and Taxes	10,385.65	7,773.37	
	Capital Employed	76,130.75	53,210.18	
	Return on Capital employed	13.64%	14.61%	-3.07%
K	Return on investment (in %)			
	Income Generated from Investment Funds (Refer Note 1)	447.66	712.22	
	Invested funds	3,645.60	14,714.95	
	Return on investment	12.28%	4.84%	190.40%

Note 1: The above Income from Investment is Interest earned on Fixed Deposits(FD). The said FDs are held as pledged against credit facility. Hence is not held for investment purpose.

Reason for variance More than 25 %

A Current ratio (In times)

Current Ratio decreased from 4.52 to 1.64 due to lower proportion increase in current assets relative to the increase in current liabilities.

B Debt-Equity Ratio (in times)

During the year, debt equity ratio increased from 0.07 to 0.33 due to significant increase in short term debts from Rs. 3,204.21 Lakhs to Rs. 18,709.81 Lakhs.

C Debt Service Coverage Ratio(in times)

The Debt Service Coverage Ratio improved significantly during the year mainly due to a substantial reduction in debt service obligations, as principal repayments and interest on term borrowings decreased following repayment of long-term debt. The ratio also improved due to higher earnings available for debt service as a result of better operating performance during the year.

E Inventory Turnover Ratio (In times)

Inventory Turnover Ratio decreased from 3.64 to 2.31 due to lower proportional increase in the cost of goods sold relative to the increase in average inventory.

G Trade payables turnover ratio

Trade payables turnover ratio decreased from 7.19 to 5.51 due to significant increase in average trade payables during the year.

H Net capital turnover ratio (In times)

Net Capital Turnover Ratio increased from 1.30 times to 2.64 times, primarily because of significant increase in revenue from operations while decrease in net working capital.

K Return on investment (in %)

The increase in return on investment is primarily due to a significant reduction in the average invested funds during the year, resulting in a higher return percentage despite lower investment income.

Notes to the Consolidated Financial Statements

for the year ended on 31st March, 2026 (Contd.)

Note - 45 - Foreign Exchange in flow/out flow

(₹ in Lakhs)

Particular	As at 31st March, 2026					
	Amount in USD	Amount in EURO	Amount (AED)	Amount (THB)	Amount (GPB)	Amount (INR)
Machine , Tools and Die						
Sale (Exclude Freight and Insurance)	94.68	16.47	-	-	0.12	9,945.67
Value of Imports						
Purchase of Raw material (Including Freight)	383.20	0.24	0.01	4.26	-	34,242.38
Machine , Tools and Die	35.20	5.75	-	57.10	-	3,839.79

(₹ in Lakhs)

Particular	As at 31st March, 2025					
	Amount in USD	Amount in EURO	Amount (AED)	Amount (THB)	Amount (GPB)	Amount (INR)
Income in Foreign Currency						
Sale (Exclude Freight and Insurance)	69.31	10.42	-	-	0.05	6,745.10
Value of Imports						
Purchase of Raw material (Including Freight)	268.49	0.82	-	-	-	22,995.64
Machine , Tools and Die	0.25	0.23	-	-	-	42.91

As per our report of even date attached
For Keyur Shah & Co.
Chartered Accountants
F.R. No: 141173W

Keyur Shah
Proprietor
M.No. 153774

Date : 14th May, 2026
Place : Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman & Managing Director
(DIN: 07789940)

Jitendra Kumar Sharma
Company Secretary
M.No.: A65048

Date : 14th May, 2026
Place : Neemrana

Anju devi
Whole Time Director
(DIN: 06858442)

Sonu Gupta
Chief Financial Officer

Conceptualised
and Designed by



www.ecosogo.in



KRN Heat Exchanger and Refrigeration Limited

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