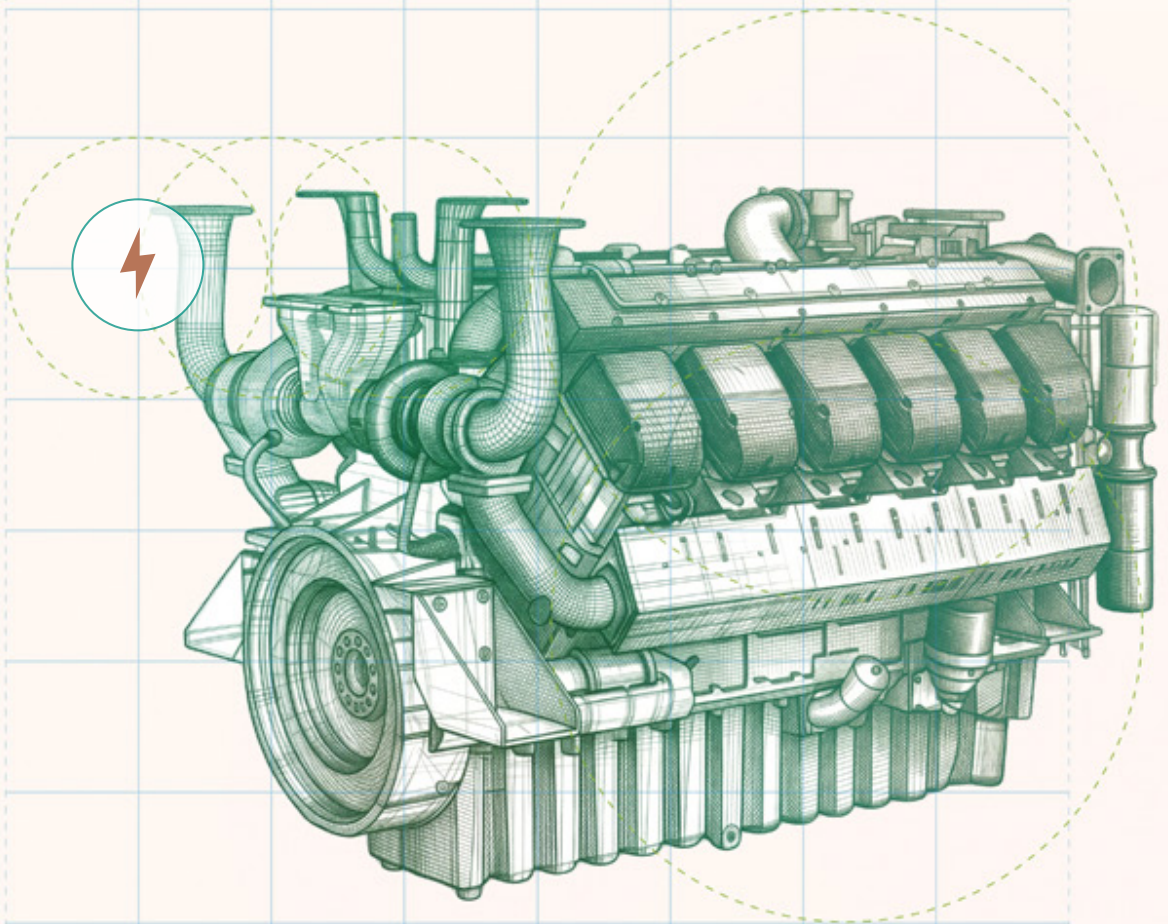


Engineering the Future of Performance



MADE IN KIRLOSKAR

MADE IN KIRLOSKAR

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

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

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

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

WHERE ONLY BIRDS FLEW,
AN ENGINEER TOOK FLIGHT.

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

LANDS BECAME
TOWNS TURNED
CITIES GREW
COUNTRIES SHAPED
CONTINENTS.

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

Engineering the Future of Performance

Engineering finds its true meaning in the making.

Built on a century-long engineering foundation, KOEL continues to translate ideas into impactful solutions through focused in-house R&D in India and a deep commitment to indigenous development. The spirit of 'Made in Kirloskar' reflects our identity of celebrating the craft of engineering, the skill of our people, and the quiet act of building for the nation.

As we move forward, we firm up our commitment to shaping a self-reliant, innovation-led future that supports the vision of Make-in-India.

Redrawing India's
power frontiers -
Optiprime genset

Read more at [Page 34](#)

Engineering at
scale - Built for
what cannot run
out of charge

Read more at [Page 52](#)

Data Center expansion
- Electrifying India's
digital core

Read more at [Page 70](#)

Blending tech finesse with market relevance

Our advanced engineering capabilities span a comprehensive portfolio of air-cooled and liquid-cooled engines ranging from 3 kVA to 12,000 kVA, enabling us to serve applications of every scale and complexity. From industrial operations and critical infrastructure specialised power needs, we deliver customised solutions designed for performance, durability and efficiency.

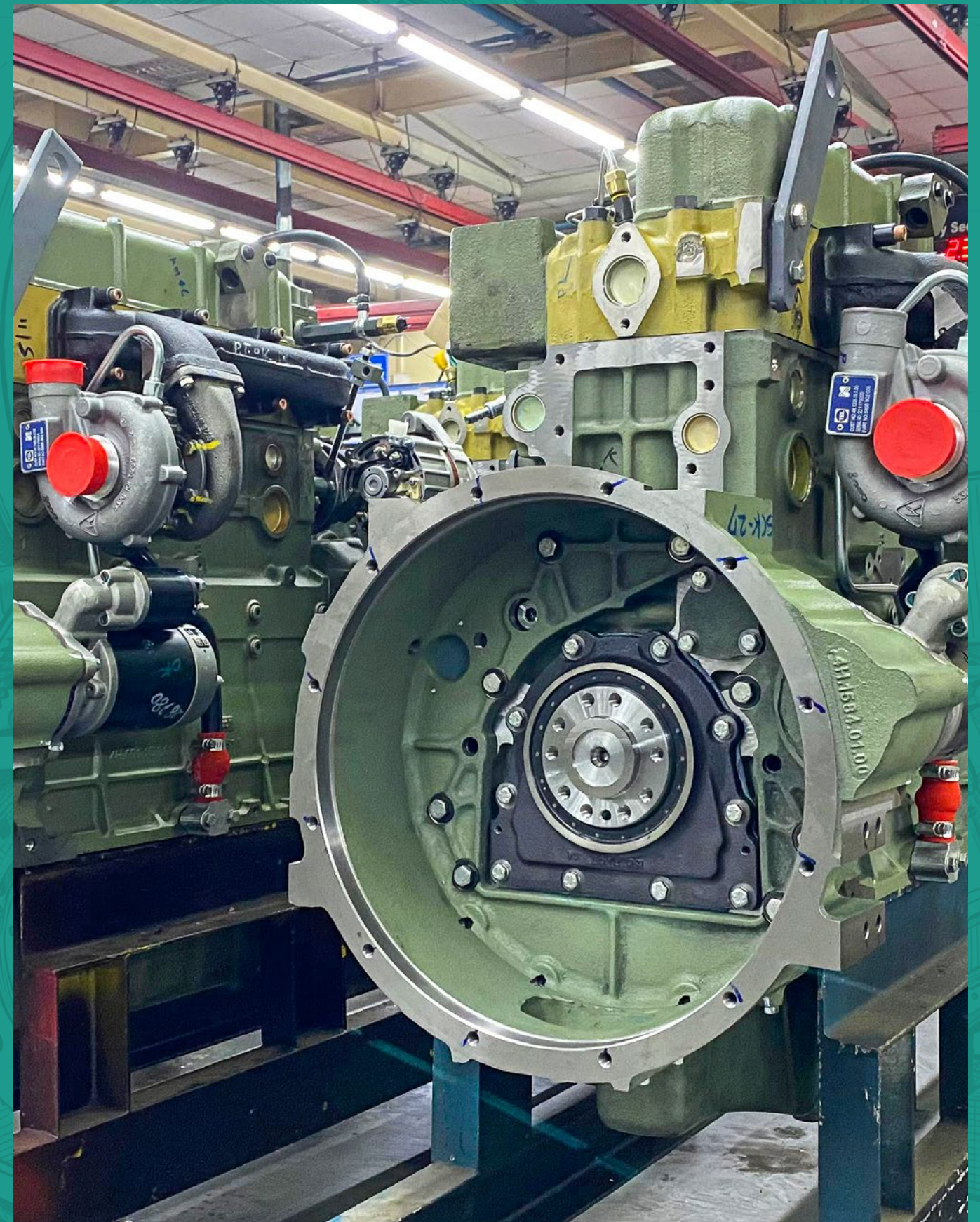
Driven by dedicated Corporate Research & Engineering (CRE) and Application Engineering (AE) divisions, our innovation ecosystem is focused on anticipating the future. We engineer application-specific solutions, blending technical precision with market relevance for specific requirements. This helps us stay agile in a world of spiralling demand for performance.

Sustainability is integral to our vision. Our portfolio includes emission-compliant and environmentally responsible technologies, while our leadership in alternative fuels such as biodiesel, natural gas, HFEC* and biogas-based engines, underscores our commitment to cleaner energy pathways. We are also advancing fuel-agnostic and hybrid genset technologies that offer greater flexibility, resilience and lower environmental impact.

Digital intelligence is redefining performance, and Kirloskar is at the forefront of this transformation. Through IoT-enabled gensets, predictive remote monitoring systems, microgrid solutions and intelligent controllers such as Optiprime, we are helping customers optimise uptime, efficiency and control.

Our engineering ambit has a robust after-sales system supported by an extensive service and distribution network. Whether enabling high-horsepower industrial applications or empowering farmers with accessible mechanisation solutions, we remain committed to engineering outcomes that create lasting value.

As we move forward, Kirloskar Oil Engines Limited continues to engineer the future of performance, with innovation in our thinking, sustainability in our approach, and trust in everything proudly Made in Kirloskar.



* Hydrogen Fuel Enhanced Combination

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CORPORATE OVERVIEW

ENGINEERING EXCELLENCE

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VALUE CREATION

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About the report

We are pleased to present our Annual Report which includes voluntary information to the extent available to us, in accordance with the reporting framework developed and designed by International Integrated Reporting Council (IIRC).

This report is primarily intended to address the information requirements of investors (our equity and prospective investors). Our endeavour is to present this information in a manner that is also relevant to all the key stakeholders. This report also aligns with the Companies Act, 2013, Indian Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Aligned with:

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



For more information, please, visit our website: www.kirloskaroilengines.com/

Scope and boundary

This report provides comprehensive information about the business activities of Kirloskar Oil Engines Limited (KOEL), suitably communicated through the six strategic goals as per the guidelines defined by the International Integrated Reporting Council (IIRC).

The document encapsulates our business model, overarching performance and corresponding results. It is important to note that the financial capital parameters discussed in this report pertain exclusively to 'Kirloskar Oil Engines Limited' on a standalone operation.

Reporting period

The major reporting period for the Annual Report is April 1st, 2025 to March 31st, 2026. However, certain portions of the report provide facts and numbers from prior years in order to give readers a complete picture.

Assurance for financial statements

To ensure the integrity of facts and information, the financial statements are audited by M/s. G. D. Apte & Co., Chartered Accountants. In addition, the 'Independent Auditor's Report' has been duly incorporated as part of this report.

Stakeholder engagement and materiality

Stakeholder consultation is central to KOEL's approach to identifying and managing material topics, risks and opportunities. Following a materiality reassessment in CY 25, stakeholder engagement was carried out primarily through structured surveys, designed to capture perceptions on the importance of identified environmental, social and governance topics. Inputs received through the stakeholder engagement process were analysed using a defined scoring to develop a materiality matrix that continues to guide KOEL's evolving Sustainability Strategy 2030.

Read more at **Page 62**.

Stakeholder feedback

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

Email: investors@kirloskar.com

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

Forward looking statements

This Report contains forward looking statements that describe our expectations, based on reasonable assumptions and past performances. These are subject to change in light of developments in the industry, geographical market conditions, government regulations, laws and other incidental factors. These statements must not be used as a guarantee of our future performance, as the underlying assumptions could change materially.

Corporate information

Board of Directors

Mr. Atul Kirloskar
Chairman
Non-Executive Non-Independent
Director upto March 31st, 2026

Mr. Rahul C. Kirloskar
Chairman
w.e.f. April 1st, 2026
Non-Executive Non-Independent
Director

Ms. Gauri Kirloskar
Vice Chairperson
w.e.f. April 1st, 2026 and
Managing Director

Mr. Vinesh Kumar Jairath

Mr. Satish Jamdar

Dr. Kandathil Mathew Abraham

Dr. Shalini Sarin

Mr. Yogesh Kapur

Mrs. Purvi Sheth

Mr. Arvind Goel

Mr. Srikumar Vijayasekharan
w.e.f. November 11th, 2025

Chief Financial Officer

Mr. Sachin Kejriwal

**Company Secretary and
Compliance Officer**

Ms. Farah Irani

Statutory auditor

M/s. G. D. Apte & Co.
Chartered Accountants

Secretarial auditor

M/s. M. J. Risbud & Co.,
a proprietorship firm of Mr. Mahesh
J. Risbud, Practicing
Company Secretary

Bankers

State Bank of India
Bank of Maharashtra
HDFC Bank Limited
ICICI Bank Limited
HSBC Limited

Registrar and share
transfer agent

MUFG Intime India Pvt. Ltd.
(earlier known as Link Intime
India Pvt. Ltd.)
Block No. 202, 2nd Floor,
'Akshay' Complex, Near Ganesh Temple,
Off Dhole Patil Road, Pune- 411 001
Ph. No. 020 - 46014473

Location of factories

Pune, Kagal, Nashik and Bhare

Registered office

Laxmanrao Kirloskar Road, Khadki,
Pune - 411003, Maharashtra

Corporate office

One Avante, Level 7 to 12, Karve Road,
Kothrud, Pune-411038

Decade at a glance

₹ in cr (unless otherwise stated)											
Sr. No.	Particulars	2025-26*	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
1	Gross sales	5,604	5,073	4,806	4,073	3,268	2,664	2,841	3,117	2,860	2,818
2	Net sales	5,604	5,073	4,806	4,073	3,268	2,664	2,841	3,117	2,804	2,614
3	Profit before tax	594	580	487	364	263	231	225	336	222	252
4	Profit after tax	441	432	362	270	208	170	170	225	150	174
5	Dividend (%)	325	300	250	250	200	200	200	250	250	250
6	Dividend per share (₹)	6.50	6	5	5	4	4	4	5	5	5
7	Dividend amount	94	87	72	72	58	58	58	72	72	72
8	Earnings per share (₹)	30	30	25	19	14	12	12	16	10	12
9	Book value per share (₹)	231	205	181	161	148	137	126	123	113	112
10	Share capital	29	29	29	29	29	29	29	29	29	29
11	Reserves and surplus	3,325	2,947	2,594	2,303	2,111	1,954	1,801	1,746	1,608	1,588
12	Shareholders' funds	3,354	2,976	2,623	2,332	2,139	1,983	1,830	1,775	1,637	1,617
13	Loan funds	104	129	209	75	97	78	15	13	17	12
14	Total capital employed	3,459	3,105	2,832	2,407	2,236	2,061	1,845	1,788	1,654	1,629
15	Net block	934	811	491	425	450	446	362	399	422	440

All numbers are rounded off.
*Represents continuing operations only. Refer Note 39A in the Standalone Financial Statements for additional information.

About Kirloskar Group

Engineering solutions for future generations

For over 137 years, the Kirloskar Group has served as a keystone of India's industrial evolution. Its journey began in 1888 by a forward-thinking founder who transitioned from running a modest bicycle repair shop into creating the nation's first iron plough, an act that laid the foundation for India's industrial revolution. This pioneering spirit catalysed a legacy of progress that continues today. Today, the Group is a distinguished leader across multiple sectors—including internal combustion engines, power backup, castings, and pneumatic and cooling systems providing critical engineering solutions to a diverse global market.

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

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

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

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

limitless
KIRLOSKAR GROUP'S PHILOSOPHY

Our exciting story in numbers

137 Years of excellence

₹ 10,035 cr

Combined shareholders' funds*

7,000+

Total Group employees**

₹ 48,730 cr

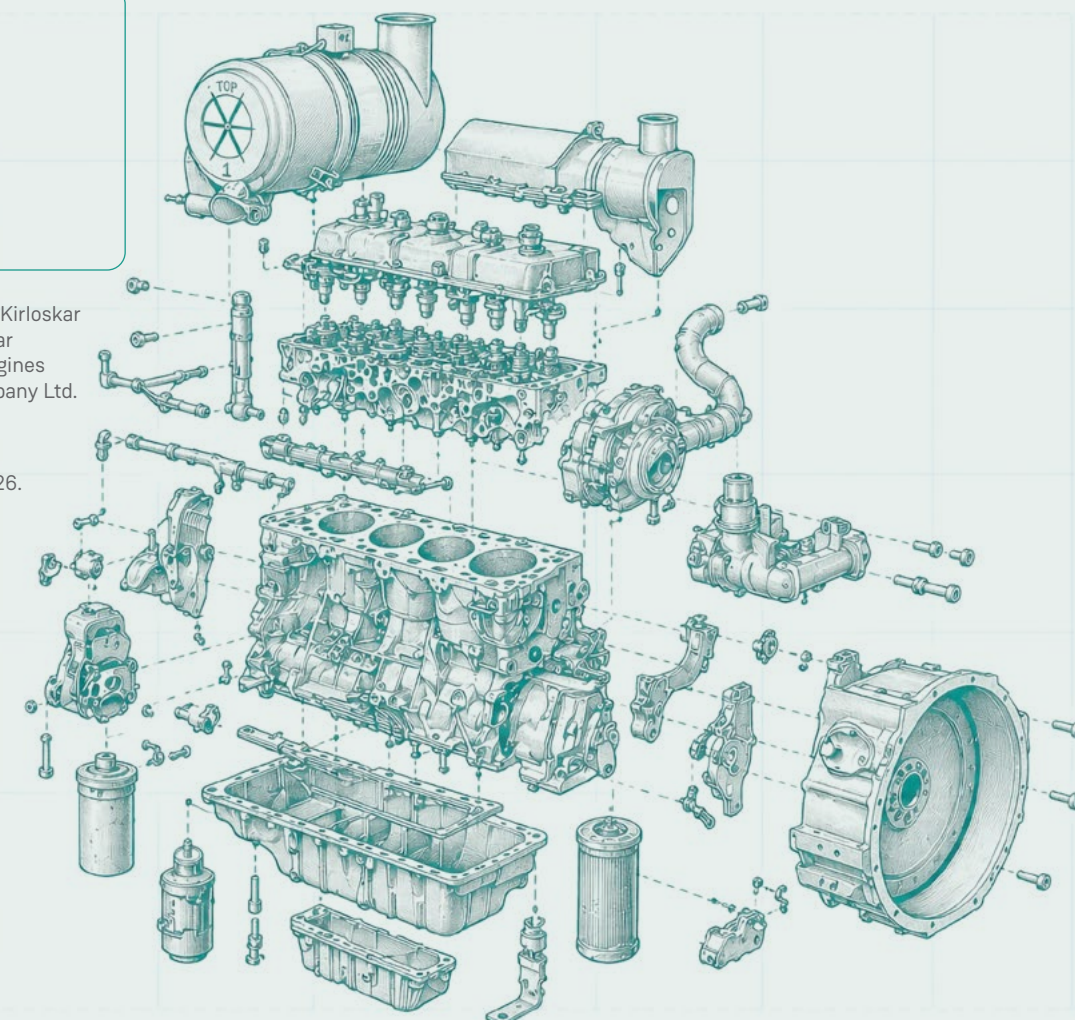
Combined market capitalisation***

4 Listed companies

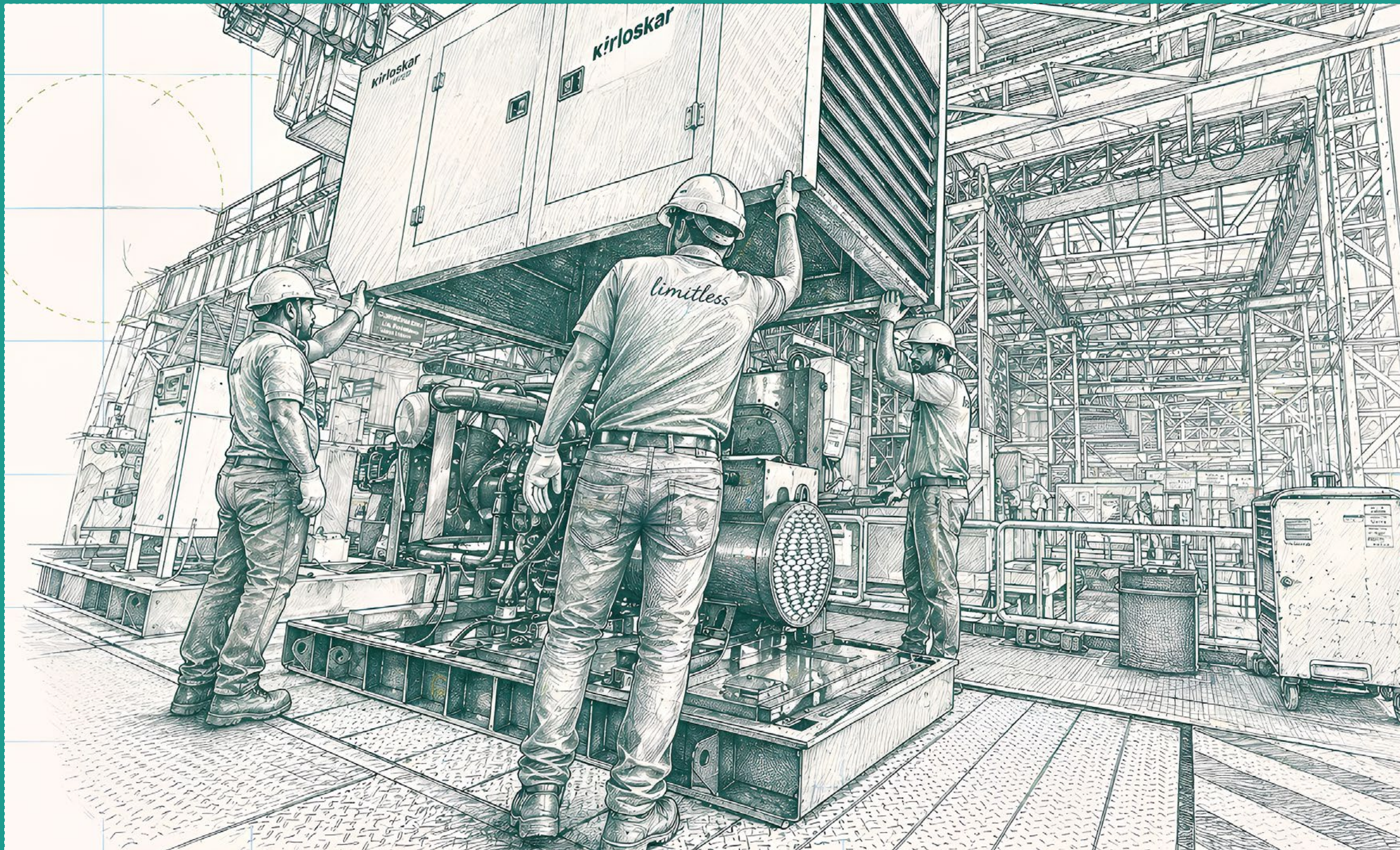
*For listed companies including Kirloskar Ferrous Industries Ltd., Kirloskar Industries Ltd., Kirloskar Oil Engines Ltd., Kirloskar Pneumatic Company Ltd.

**Employees on payroll.

***Market cap based on closing market price of May 29th, 2026.



limitless



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

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

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

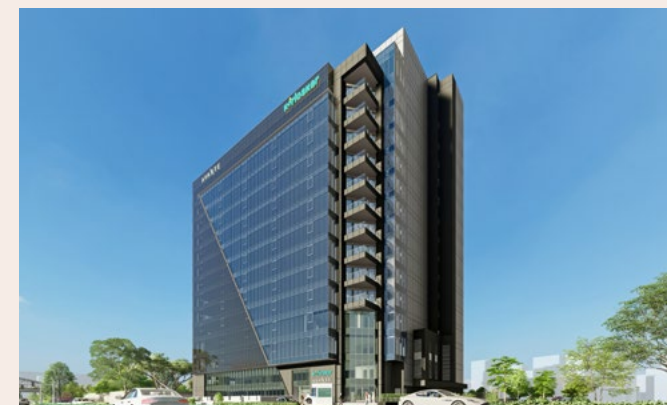
Powering industries on every frontier

Kirloskar Group companies



Kirloskar Ferrous Industries Limited (KFIL)

Precision castings & tubes value chain - Backward integration from iron ore to pig iron, iron castings, steel, seamless pipes and value-added products.



Kirloskar Industries Limited (KIL) and Avante Spaces Limited

Strategic holding in Group companies & real estate platform - Capital stewardship, portfolio oversight and premium real estate development.



Kirloskar Oil Engines Limited (KOEL)

Internal combustion engines, gensets, farm mechanisation, pumps and electric motors



ARKA Fincap Limited

Non-banking Financial company



Kirloskar Pneumatic Company Limited (KPCL)

Compressors and compression systems



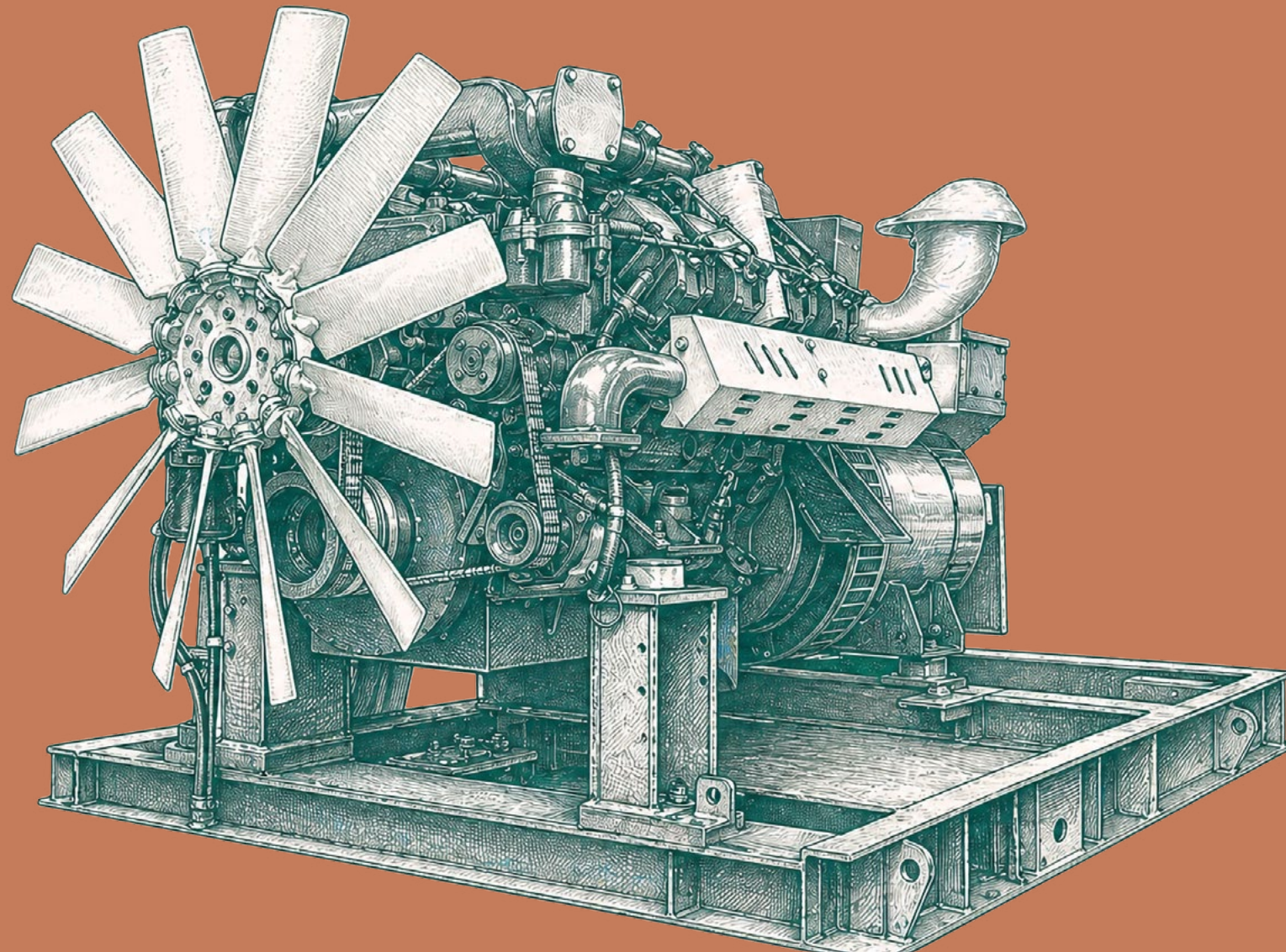
Kirloskar Chillers Private Limited

Chillers

About the Company

Delivering power, remaining sustainable

Kirloskar Oil Engines Limited (KOEL) is a key entity within the Kirloskar Group. We specialise in delivering energy solutions and manufacturing power generators, industrial engines, and water management systems.



As a key member of the Kirloskar Group, following the Group's legacy, we offer an extensive portfolio of engines engineered for power generation and industrial use. Our solutions serve vital sectors, including construction, railways, marine, defence, and agriculture. Additionally, we provide pumps, motors, and related products to address a wide variety of customer needs.

Our product range covers a vast technical spectrum, featuring engines from 2.5 hp to 1,650 hp and fuel-agnostic gensets with power outputs ranging from 3 kVA to 12,000 kVA. These engineering strengths are bolstered by a dedicated research & development centre, ensuring we stay ahead of evolving market demands through constant innovation. With state-of-the-art manufacturing facilities, a highly skilled workforce, and a robust distribution and service network, we are uniquely positioned to support our clients across both domestic and international markets.

KOEL highlights FY 25-26

79

Years of legacy

5*

Manufacturing facilities

2,298

Permanent employees

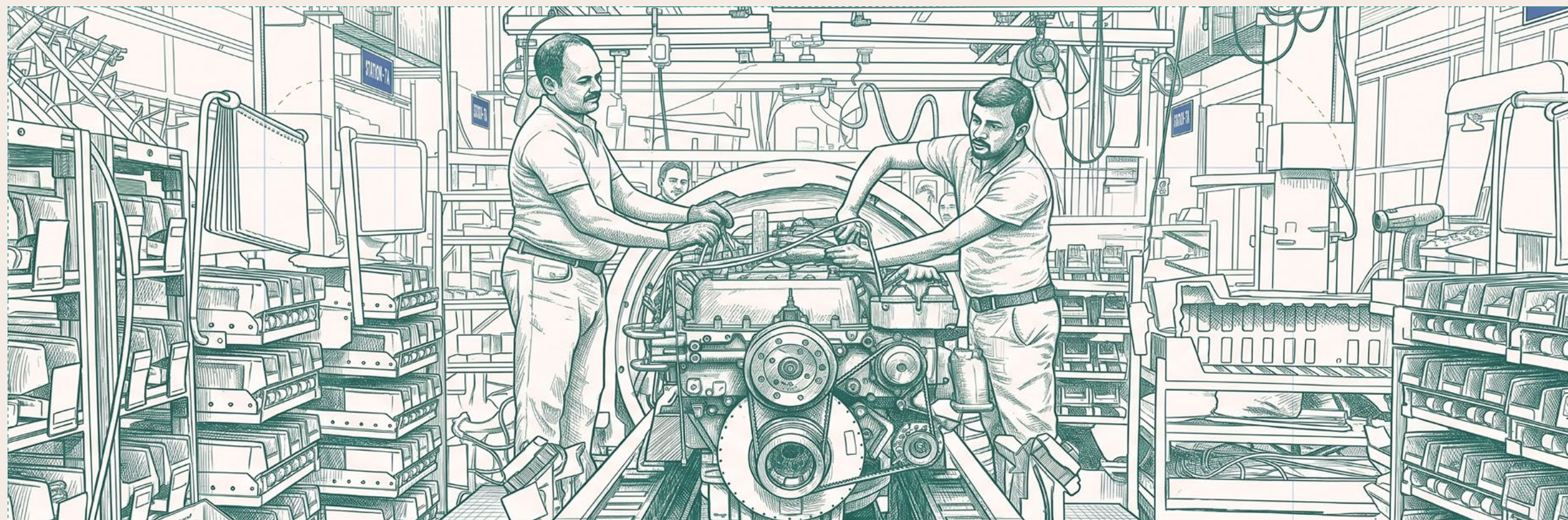
₹ 10,226 cr

Market capitalisation based on closing market price of May 29th, 2026

*The Business to Customer ("B2C") business segment of the Company was transferred by way of slump sale as a going concern to its wholly owned subsidiary, KOEL Fluid Dynamics Private Limited ("KFD") with effect from October 11th, 2025. Accordingly, thereafter the Rajkot plant activities continues to be operational under the subsidiary's management.

OUR ENDEAVOUR

OUR COMMITMENT



EXCELLENCE



INTEGRITY



COLLABORATION



EMPATHY



VALUE CREATION

INNOVATIVE
THINKING

OUR **VALUES** THAT PROPEL OUR **VISION** WHERE
WE POWER A CARING, PROSPEROUS AND
SUSTAINABLE FUTURE

THIS VISION LEADS US ON A **MISSION** WHERE
WE ENGINEER SOLUTIONS TO ENABLE OUR
CUSTOMERS TO LIVE THEIR LIMITLESS
POTENTIAL

Wins and developments FY 25-26

Charting progress, building momentum

(On standalone basis)

Quarter*

1

₹ 1,445 cr

Revenue from operations

₹ 165 cr

PBT

- Highest-ever Q1 sales, with standalone revenue of ₹ 1,434 crores and consolidated revenue of ₹ 1,751 crores, reflecting strong demand and execution.
- International business strengthened, especially in the Middle East and North Africa, as the GOEM-led model settled down and export momentum improved across both B2B and B2C.

₹ 190 cr

EBITDA

₹ 123 cr

PAT

- Powergen recorded a record Q1 of ₹ 609 crores, up 15% y-o-y, helped by higher-horsepower traction and good customer response to Sentinel and Optiprime.
- Industrial business advanced strategic projects with NPCIL and the Indian Navy, while Powergen business continued building data center opportunities and other high-value applications.

Quarter*

2

₹ 1,605 cr

Revenue from operations

₹ 188 cr

PBT

- First-ever quarterly sales above ₹ 1,500 crores, with H1 sales crossing ₹ 3,000 crores, showing strong momentum and scale-up in FY 25-26.
- Powergen led the quarter, growing 41% y-o-y to a record ₹ 678 crores, supported by strong Optiprime traction and multiple large high-horsepower orders.

₹ 214 cr

EBITDA

₹ 141 cr

PAT

- KOEL International sales recorded strong momentum, with exports growing by 35%.
- ARKA accelerated its retail expansion by opening 85 branches, taking its granular AUM to ₹ 140 crores.

*Includes KOEL B2C business upto 10th October 2025, that was transferred to KFD (wholly owned subsidiary) w.e.f October 11th, 2025.

Quarter*

3

₹ 1,381 cr

Revenue from operations

₹ 117 cr

PBT

- Highest-ever Q3 sales and highest YTD sales, with 35% y-o-y quarterly growth and stronger EBITDA margins driven by operational efficiency.
- Industrial business recorded its best quarter, growing 41% y-o-y, led by Defence, Nuclear and Marine, while construction and mining remained temporarily subdued.



₹ 167 cr

EBITDA

₹ 86 cr

PAT

- Powergen was a standout, with domestic sales up 44% to ₹ 603 crores and HHP growing 235%, supported by strong retail demand and data-centre traction.
- ARKA continued its retail pivot, with 110 branches and about 1,600 employees, while granular retail AUM and disbursements increased steadily during the quarter.



Quarter

4

₹ 1,535 cr

Revenue from operations

₹ 150 cr

PBT

- Highest-ever full-year revenues for the B2B business, with domestic power generation volume growth rates exceeding the overall industry average.
- The Fluid Dynamics (B2C) segment saw record-breaking annual results, supported by eight new product launches and significant export sales to Saudi Arabia and the UAE.

₹ 193 cr

EBITDA

₹ 111 cr

PAT

- The industrial segment recorded healthy growth, particularly within the Marine division, which witnessed its highest-ever volume of order bookings during the fourth quarter.
- Arka Financial Holdings reported 8% y-o-y revenue growth this quarter, maintaining a strategic focus on expanding its secured granular retail loan business.

*Includes KOEL B2C business upto October 10th, 2025, that was transferred to KFD (wholly owned subsidiary) w.e.f 11th October 2025.

Growth journey

Built on every milestone

1946-2004

- 1946

Established Engines Company for manufacturing diesel engine
- 1979

Established strategic ties and collaborated with SEMT Pielstick, France for manufacturing
- 1992

Received ISO 9001 certification for manufacturing operations
- 1998

Received QS 9000 certification
- 1999

Received ISO 14001 certification for environment-friendly manufacturing facilities
- 2004

Received TS16949 accreditation

2010s

- 2010

Commencement of Kagal Plant in Kirloskar Oil Engines
- 2011

Introduced our first Corporate Sustainability Report
- 2012

Chhota Chilli – Initiative for residential genset business
- 2013

Recognised in the Limca Book of Records for 1 km engine wagon train
- 2014

- Launch of KOEL brand identity for KOEL gensets
 - Widening KOEL's first CPCB II compliant genset range
- 2015

- Signed MoU with MTU Friedrichshafen for engine supply to NTPC
 - Integrated ethanol and battery-based solar generator technologies
 - Elan Blank Award for Business Excellence
 - ABS International IMS Certification for three years in a row
- 2016

- Diversified into genset electrical space with control panels and switchgear range
 - Launch of HX/HXDPHP engines 750, 910
 - Launch of 100 kVA KOEL gensets
 - Incorporation of Kirloskar Americas in the United States
- 2018

- Introduction of technologically IoT-enabled gensets
 - Showcased the 3000 RPM FMUL firefighting engines
- 2019

- KOEL wins CII-EXIM Bank Award for Business Excellence

2020s

- 2020

Achieved Golden Peacock Award for Energy Efficiency (second consecutive)
- 2021

- Brand refresh to new Kirloskar Logo
 - Kirloskar Firefighting Pumps
 - BS IV transition and EPA Tier IV Final compliance
- 2022

- Launch of R550 series and large K4300 engines
- 2023

- Strategic roadmap 2X3Y
 - CPCB IV+ transition
 - Alternate fuel engines (Natural Gas, Ethanol, Methanol)
 - Acquisition of 100% stake in La-Gajjar Machineries Pvt. Ltd.
 - National Energy Conservation Award 2022 (Nakshatra plant)
- 2024

- Launch of Optiprime series gensets
 - International expansion in the Middle East & Africa
 - NPCIL order worth ₹ 768 crores
 - Acquisition of Engines LPG LLC dba Wildcat Powergen through a wholly owned subsidiary Kirloskar Americas Corporation
- 2025

- Incorporation of Kirloskar International FZE (UAE)
 - Development of 6 MW Marine Diesel Engine for Indian Navy
 - New consolidated facility in Sanand for KOEL Fluid Dynamics
 - BSV transition
 - Announcement of ₹ 700 crore capital expenditure plan for expansion in Kagal
- 2026

- KOEL Fluid Dynamics launched, consolidating our B2C business
 - Incorporated a wholly owned subsidiary, Kirloskar Advanced Systems Pvt. Ltd. (KASPL)
 - Announcement of ₹1400 crore capital expenditure plan for further expansion in Kagal
- Certifications till date

- ISO 9001 certification for manufacturing operations
 - QS 9000 certification
 - ISO 14001 certification for environment-friendly manufacturing facilities
 - Received TS16949 accreditation
 - ABS International IMS Certification

Presence

Connecting markets globally

Kirloskar Oil Engines has evolved into an international manufacturing conglomerate with offices and deliveries spanning multiple continents. Over the years, we have built a global reputation for reliability, expertise and continuous innovation.

Head office

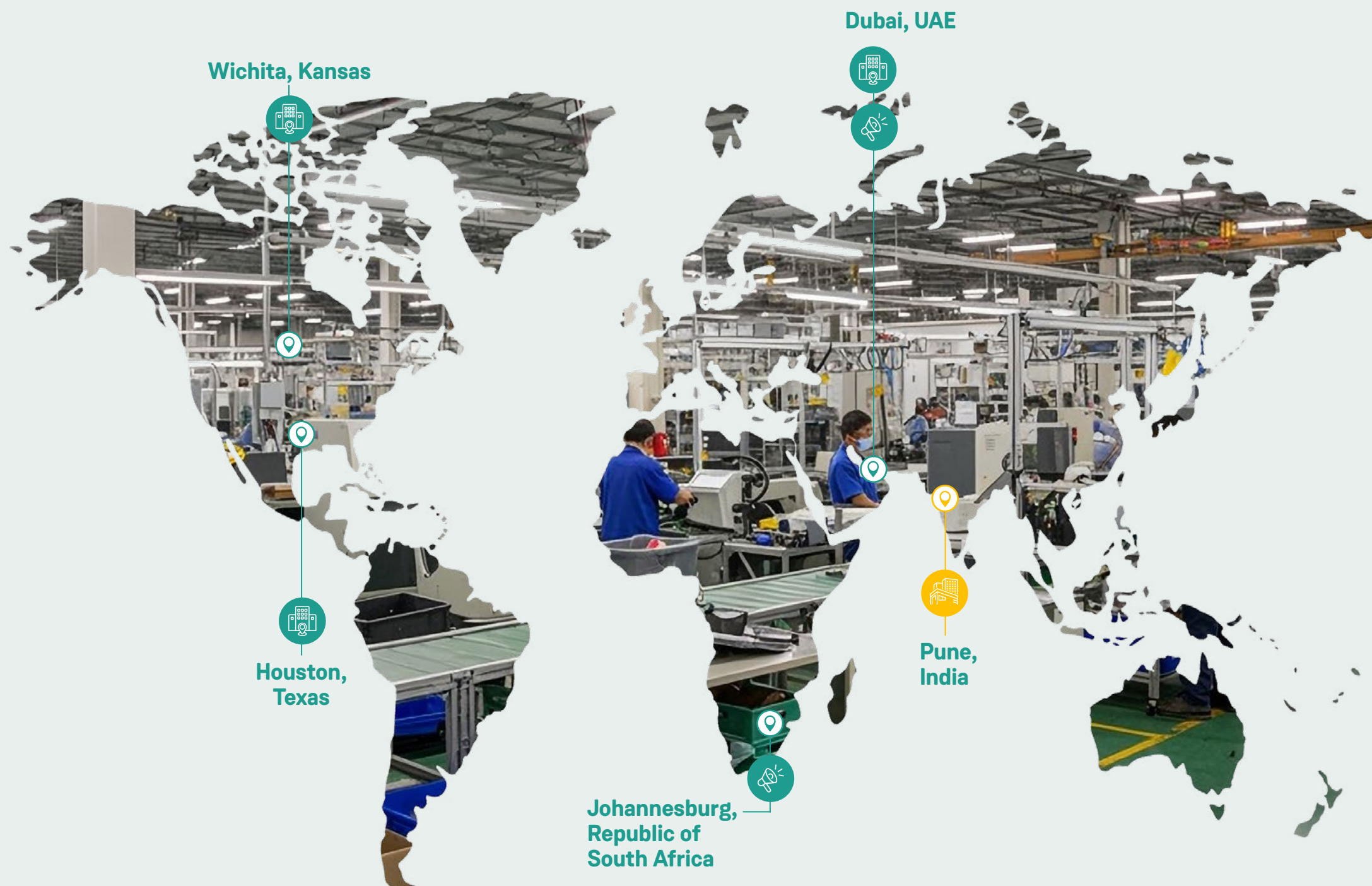
- Kirloskar Oil Engines Ltd. Pune, India

Promoter Group Company

- Kirloskar DMCC Dubai, UAE
- Kirloskar Trading SA (PTY) Ltd. Johannesburg, Republic of South Africa

Subsidiary

- Kirloskar Americas Corporation - Houston, Texas
- Kirloskar International ME FZE - Dubai, UAE
- Engines LPG LLC dba Wildcat Powergen - Wichita, Kansas



Map not to scale.

Presence

From manufacturing to services

In India, our manufacturing expertise across 5* manufacturing units is well complimented by an efficient service channel network spanning around 500 touchpoints.



*The Business to Customer ("B2C") business segment of the Company was transferred by way of slump sale as a going concern to its wholly owned subsidiary, KOEL Fluid Dynamics Private Limited ("KFD") with effect from October 11th, 2025. Accordingly, thereafter the Rajkot plant activities continues to be operational under the subsidiary's management.

~500

Kirloskar service touchpoints

5,000+

Kirloskar service engineers

70+

Service dealer workshops

30,000+

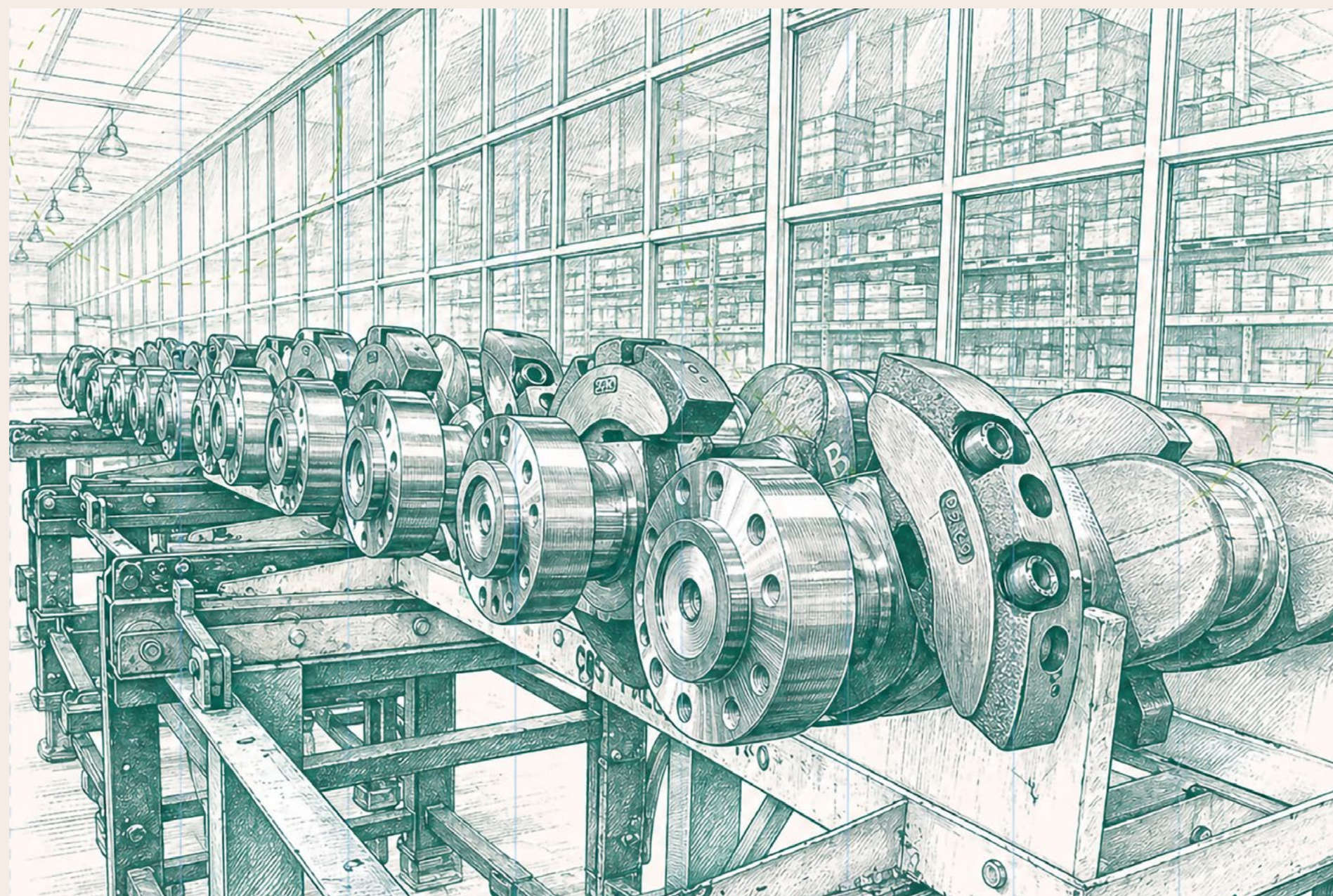
Retail network



Business offerings

Powered by innovation

We operate across Powergen, industrial engines, industrial solutions, distribution, aftermarket services and fluid dynamics segments, offering configurable products and solutions tailored to meet diverse industry requirements. Each of our offerings is built on a foundation of reliability, quality performance and engineering excellence, ensuring long-term value and dependable operations for our customers.



Power and energy segment

Powergen

A complete range of diesel and gas-powered gensets built for efficiency, compliance and long-term operation. This segment achieved a 32% y-o-y increase in revenue.

Sector linkages



Gensets

Kirloskar Powergen gensets deliver efficient, durable performance for homes, businesses, and critical operations, complying with CPCB IV+ emission norms. Diesel gensets offer dependable power with advanced fuel efficiency, auto-start features, and portable options for demanding applications. Petrol gensets provide lightweight, flexible, and mobile power solutions tailored for homes, small businesses, and rentals. Gas gensets supply clean, continuous power for commercial and industrial needs, ensuring environmental compliance.

Advanced gensets

Kirloskar Powergen's advanced gensets combine intelligent controls, fuel efficiency and future-ready

technologies to deliver reliable power solutions across diverse applications. The range includes Optiprime, Sentinel, Hybrid, PNG and Microgrid gensets, designed for enhanced performance, scalability, operational efficiency and integration with clean energy solutions.

Solutions

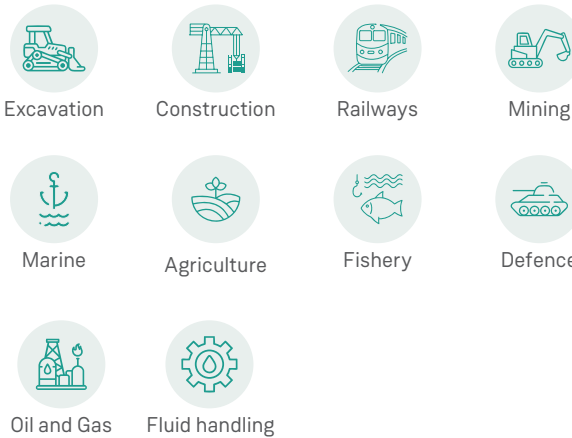
We offer comprehensive solutions designed to enhance generator performance, efficiency and sustainability across applications. Its backup power solutions provide end-to-end installation support, while generator electrical systems enable smart monitoring and reliable operation. Retrofit emission control devices reduce harmful emissions, and dual fuel kits optimise fuel usage by combining diesel and natural gas for cleaner, efficient power generation.

Business offerings

Kirloskar Industrial

Versatile engine solutions built to power critical industrial applications, with proven performance across sectors and emission-compliant engine and product platforms. This segment achieved a 22% y-o-y increase in revenue.

Sector linkages



Industrial engines ranging 20 hp to 1,100 hp

Built to power needs of customers who require products from 20 hp to 1,100 hp in the industrial engine space globally, with 85 Industrial applications across sectors.



Distribution and aftermarket

Ensuring uptime through a strong distribution footprint and reliable aftermarket solutions.

Sector linkages



Annual Maintenance Contracts (AMC)

KOEL's Annual Maintenance Contracts (AMCs) ensure reliable genset performance through nationwide service support, trained engineers, genuine spares and cost-efficient maintenance solutions.

Spares

KOEL Genuine Spares optimise engine performance, improve fuel efficiency, minimise downtime, reduce operating costs and enhance overall engine life.

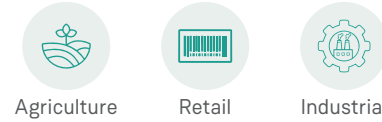
After sales support

KOEL's "No-Compromise" after-sales support ensures timely service, technical expertise, genuine spares and dependable customer assistance across India.

KOEL Fluid Dynamics (FD) segment*

From diesel to electric pumps, our water solutions are built to serve diverse needs with lasting performance and on-ground service support.

Sector linkages



Diesel engines

Caters to the agricultural sector by providing reliable motive power solutions for farmers with engines, ranging from 1.5 hp to 28 hp, designed to support a variety of farming applications with efficiency and durability.

Electric pumps

Designed for domestic, agricultural, and commercial water management applications, delivering efficient and reliable performance, supported by a wide service network to ensure consistent operation and prompt customer support.

Engine based pumps

High-quality diesel-powered solutions widely used in agriculture, with over 1,45,000 units produced annually

and a global installed base exceeding 1.5 million. Built to stringent quality standards, these pumps deliver reliable and durable performance for diverse irrigation needs.

Alternators

Alternators segment comprises equipment from the aluminium body, CI Body, and brushless series. They deliver high performance and efficiency, ensuring reliable power generation across applications.

Allied products

All products which complement the core pump and engine offerings by enhancing system efficiency, control, and durability for seamless water distribution and management across domestic, agricultural, and commercial applications.

*B2C business of the Company was transferred by way of slump sale as a going concern to its wholly owned subsidiary, 'KOEL Fluid Dynamics Pvt. Ltd.' (KFD) (formerly known as La-Gajjar Machineries Pvt. Ltd. ("LGM")) with effect from October 11th, 2025.

International business

- Engines and gensets
- Industrial engines
- Power solutions
- After sales support
- Retail channel – spares



International business

- Engine based pumps
- Electric pumps



Leadership message

A year of tech and skills: Gearing up for the journey ahead

Rahul C. Kirloskar
Chairman

Gauri Kirloskar
Vice Chairperson &
Managing Director

Dear Shareholders,

At KOEL, FY 25-26 was a year of engineering our future performance. More than the strong financial performance, it reflected the strength of our strategy, the investments we have made in our people and products, and the opportunities emerging from India's growth story. We are pleased to share that KOEL is progressing steadily towards its 2B2B aspiration.

Financial performance*

We delivered standalone net sales of ₹ 5,604 crores a 25% y-o-y increase — and EBITDA of ₹ 737 crores, up 33%. EBITDA margins improved by 90 basis points to 13.10%. Net profit from continuing operations grew 35% to ₹ 464 crores. Consolidated revenues grew 22%. Our net cash position (post-debt, including treasury) stood at ₹ 552 crores. These are not numbers produced by a favourable cycle alone; they reflect the compounding effect of deliberate strategy, disciplined capital allocation, and an engineering culture built over nearly eight decades.

Our Distribution and aftermarket business grew 15% annually, validating our transition from a parts provider to a complete lifecycle ecosystem partner.

32%

Annual growth in the Power Generation business

Industrial business: Strategic programmes

Industrial revenues reached ₹ 1,444 crores for the full year, growing 22%. The business has evolved from being primarily construction and mining-dependent to a genuinely diversified portfolio spanning Defence, Nuclear, Marine, Railways, Construction and Mining.

Our Marine propulsion prototype development is also progressing on schedule. This is KOEL's largest and most technically demanding naval engagement to date. Success in the prototype phase positions us for a long-term supply relationship with the Indian Navy for main propulsion medium-speed engines. We are fully committed to this programme — it is not simply a contract; it is an invitation to participate in India's defence sovereignty.

We are executing an order for ten units of 6.3 MW gensets for the Nuclear Power Corporation of India, with an order value of ₹ 798 crores — one of the largest individual contracts in KOEL's history. Revenue recognition will commence in FY 26-27.

In Railways, our key account management approach — implemented systematically over two years — has begun to yield significant results. We identify white spaces methodically, align our product capability to the requirement, and then pursue long-cycle strategic programmes with patience and rigour.

₹ 5,604 cr

Standalone net sales

Power generation: Structural shift, not just growth

The Power Generation business, grew 32% over the previous year, with quarterly revenues crossing ₹ 700 crores for the first time, in Q4 FY 25-26. More significant than the revenue achievement is the structural transformation underneath it. Our market share in the High Horsepower segment, which was in single digits just two years ago, is now approaching double digits.

The Sentinel range and the Optiprime initiative — engineered internally, tested rigorously, and built at our Kagal facility — have seen strong customer acceptance. We sold several hundred Optiprime units in FY 25-26 and executed orders up to 3,000 kVA during the year. Demand has been broad-based across real estate (commercial and residential), infrastructure, healthcare, data centers and manufacturing, and has remained resilient through the year.

*Numbers reported are for continuing operations only and exclude exceptional items, wherever applicable. Previous year figures are excluding provision for overdue receivables made for a customer towards sales made in earlier years. There is no such reversal in current year.

10 units

Of 6.3 MW gensets for the Nuclear Power Corporation of India

Structural actions: Sharpening focus for the next phase

Two important corporate actions were completed in FY 25-26:

First, the transfer of our B2C business to our wholly owned subsidiary LGM via slump sale was effected from Q3 (now branded Kirloskar Fluid Dynamics). This sharpens KOEL's standalone focus on its B2B engineering and power generation core, while giving Kirloskar Fluid Dynamics — which delivered 10% domestic and 13% international growth in Q4 FY 25-26 and 36% international revenue growth for the full year — the dedicated management attention and operational structure suited to its distinct market dynamics.

Second, we incorporated Kirloskar Advanced Systems Pvt. Ltd. as a new subsidiary, focused on systems integration and advanced technology for defence and other strategic sectors. Carving this into a dedicated entity — with its own governance, culture, and accountability — allows us to attract specialised talent, and build intellectual property that is held separately. We will provide further updates on this entity as our programmes mature.

Capacity investment: Building for demand already at hand

The Board has approved two sequential capacity investments at our Kagal manufacturing site investments driven by demand we are already experiencing, not by speculation:

Phase 1: ₹ 700 crores to add engine capacity across enhanced and new lines on the existing campus, coming online by April 2027. Phase 2: ₹ 1,400 crores over two years for an additional high-horsepower and specialised engines in a new building at the same site.

Together, these investments ensure KOEL has the manufacturing depth to service the opportunities it has earned in the High Horsepower, Optiprime, and other segments.

International business

Gross international revenues crossed ₹ 1,000 crores in FY 25-26 a milestone reflecting years of deliberate channel building, product certification, and market development. International business grew 37% for the Group and 33% in Q4 y-o-y. The Middle East and North Africa region remains our largest international markets.

Our ambition is not merely to export but to be genuinely international-hiring locally, building comprehensive in-country service capability, and evaluating local assembly where viable. The United States the world's largest genset market is a long-term strategic priority. We are present through Kirloskar Americas Corporation and our Wildcat partnership, with product certifications underway and distribution being built.

₹ 1,000 cr

Gross international revenues crossed in FY 25-26

People, culture

None of what we have achieved is possible without our people. This year we made significant investments in engineering and product development headcount, and our leadership talent processes have been strengthened to ensure organisational capability scales with our ambitions. Our strategy rests on three pillars: attracting the right engineering talent by building KOEL's reputation as a world-class environment for solving hard problems; developing in-house capability through structured programmes that build institutional knowledge; and fostering a culture of accountability and innovation.

Technology

On technology, our focus on non-ICE platforms is deliberate and measured; we are building capability that gives us optionality as the energy landscape evolves, not rushing to pivot.

We are closely monitoring our progress on the four technology tracks defined in our growth plan: the ICE

track, where we continue advancing fuel flexibility from natural gas and hydrogen blends towards hydrogen; Energy Storage Solutions, where we are tracking the evolution across battery chemistries to identify integration opportunities; Electrification, spanning electric motors and power electronic controllers in readiness for hybrid and traction applications; and Fuel Cells and Electrolysers, where we are building foundational capability in the hydrogen economy.

Across all four tracks, our approach is consistent: invest in understanding, build selective capability, and scale when market and technology conditions align with our core strengths.

Sustainability

KOEL's approach to sustainability is rooted in the belief that what is good for the community and the planet is also good for the business over the long run. In FY 25-26, we expanded our BRSR disclosures to provide stakeholders with deeper visibility into our environmental, social and governance performance. Energy efficiency improvements across our plants, water conservation, waste management, and responsible sourcing remained active priorities.

Dividend

Reflecting our confidence in the sustained earnings power of the business, the Board of Directors proposed a total dividend of 350% for the fiscal year. This includes a final dividend of 225% which is ₹ 4.50 per share subject to shareholders' approval, in addition to the interim dividend of 125%, i.e ₹ 2.50 per share.

India's macro tailwinds and our path to \$2 billion

India is at an inflection point. Infrastructure spending is at a multi-decade high. Data centers, semiconductor fabs, defence manufacturing, smart cities, tier-2 and tier-3 real estate development, and the energy transition are creating sustained, multi-year demand for reliable power. The Make in India and Atmanirbhar Bharat agenda is simultaneously creating structural opportunities in Defence, Railways and Nuclear — sectors where KOEL has established genuine product and relationship credentials.

We have an aspiration to reach \$2 billion in revenue by FY 29-30. Our performance over the last four years demonstrates that this is possible. The journey will require continued product innovation, deeper market penetration domestically and internationally, disciplined execution on our large order backlog in Nuclear and Defence, and the successful ramp-up of our Kagal expansion. It will also require us to build the organisation — the people, the systems, and the culture that a \$2 billion global engineering company needs.

We are building KOEL to last — not to perform for one cycle, but to be a company that is relevant, competitive, and trusted across generations. That is the standard we hold ourselves to, and that is the standard we invite you to hold us to.

On behalf of the Board of Directors and the leadership team, we thank our employees, channel partners, suppliers, customers, and shareholders for the trust you have placed in us. We will honour that trust by continuing to build KOEL into the global engineering institution it is destined to become.

Yours faithfully,

Rahul C. Kirloskar
Chairman

Gauri Kirloskar
Vice Chairperson & Managing Director

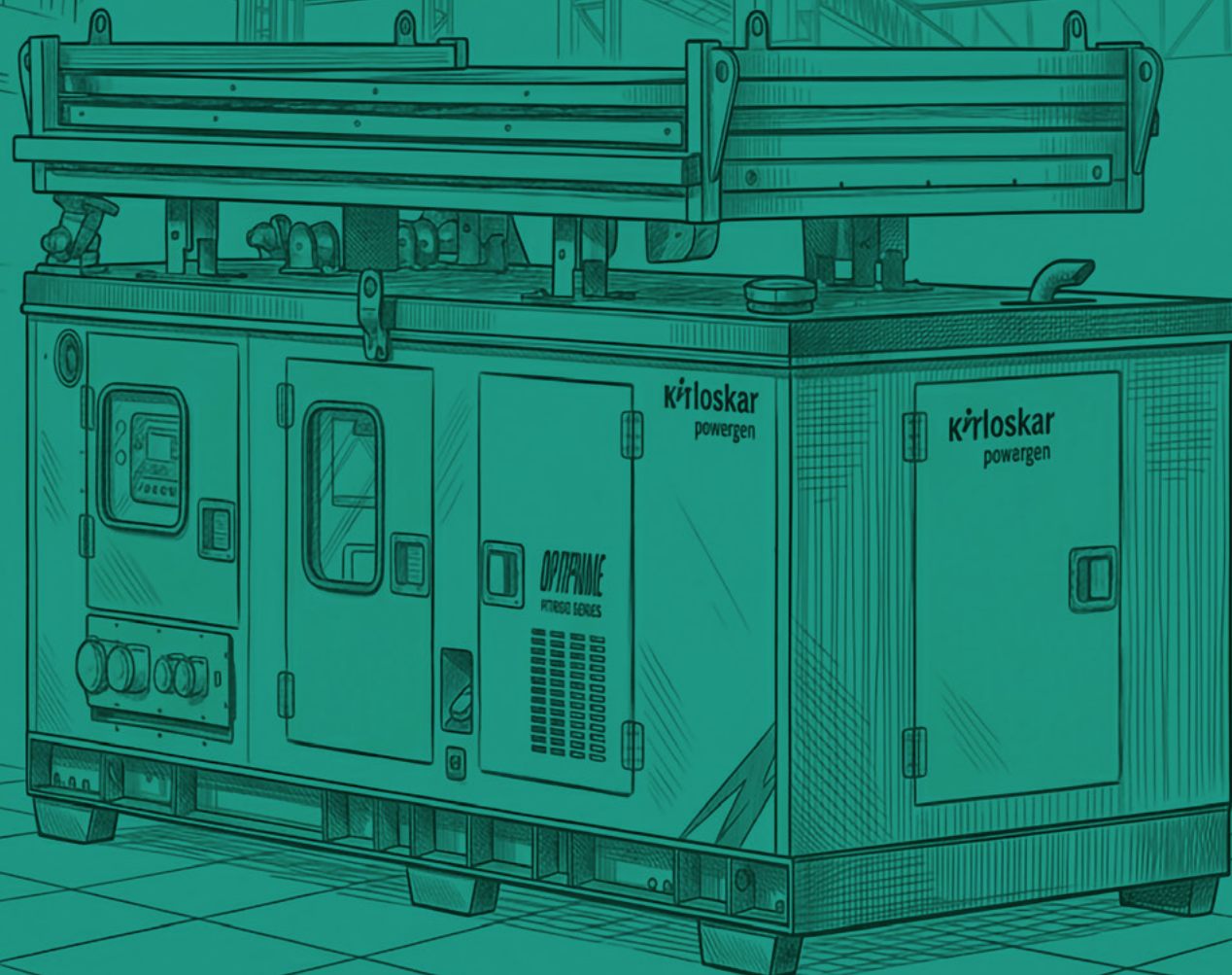
Optiprime gensets

Redrawing India's power frontiers

Built for high-stakes, variable-load applications, the Optiprime series represents a paradigm shift in industrial power generation, combining patented synchronisation technology with a fundamentally fuel-agnostic architecture.

World's most compact
1,000 kVA genset

20%
Reduction in space



The space and variable load dilemma

Modern industrial facilities, commercial complexes and critical infrastructure increasingly face the challenge of meeting growing power requirements while operating within a limited space. Conventional standby power systems often require multiple large gensets and extensive installation spaces, making it difficult to deploy them in high-density urban developments, data centers and industrial facilities.

Engineered to minimise space, maximise power

KOEL engineered the Optiprime series as an ultra-compact, export-grade power solution that delivers high output from a significantly reduced space, enabling customers to optimise valuable space without compromising reliability or performance.

At the heart of the Optiprime range lies its patented Twin Hybrid Power Pack architecture, which integrates two synchronised power cores within a single compact system. It maximises power density while reducing the space requirements. The hybrid architecture continuously monitors load conditions and automatically distributes power between the two cores to match the demand efficiently. The result is a solution that combines space optimisation, operational flexibility and built-in redundancy. During maintenance or servicing of one power core, the other seamlessly supports critical loads, ensuring uninterrupted power availability.

Last-mile customisation

To meet diverse global compliance demands, KOEL engineered the complete system as a highly flexible single-package asset. By consolidating power cores, internal synchronisation systems, and post-treatment exhaust into a single enclosure, the system simplifies international transportation and field installation. This compact design gives project architects the freedom to execute last-mile site customisation, tailoring acoustic insulation for strict urban noise limits or tweaking layouts for irregular physical spaces. This modular adaptability makes it equally effective for urban commercial high-rises and remote, rural utilities.

Target applications



Green solutions and positive returns

In an industrial landscape repurposed for decarbonisation, the Optiprime series proves that ecological responsibility can align with financial prudence. Fully compliant with advanced CPCB IV+ emission standards, the system relies on specialised emission control technology to minimise its environmental footprint.

By keeping the engine within its optimal thermal efficiency band, the system delivers superior fuel economy. This massive reduction in operating expenditure (opex) directly accelerates recovery of capital expenditure (capex), offering global organisations a highly sustainable power solution with the shortest timeline for a positive ROI.

40% **50%**

Reduction in
CO₂ emissions

Reduction in
NO_x emissions

Read more at: <https://www.kirloskaroilengines.com/en/web/koel/optiprime>



Governance

Leading with integrity, deciding with purpose

At KOEL, governance transcends regulatory compliance and is grounded in integrity, transparency, and principled conduct that earns and sustains stakeholder trust. This commitment to accountability shapes our every decision. With well-defined policies, robust processes, and a culture of operational discipline, our management team and the Board work in concert to create sustained and meaningful value for our stakeholders.



Board statistics*

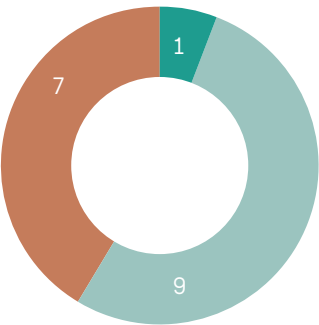
100%

Compliance achieved on applicable corporate governance and environmental regulations

Zero

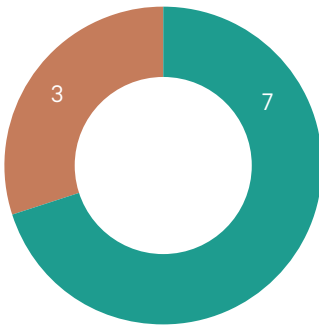
Penalties/fines paid, or non-monetary sanctions faced due to statutory non-compliance

- Executive Directors
- Non-Executive Directors
- Independent Directors



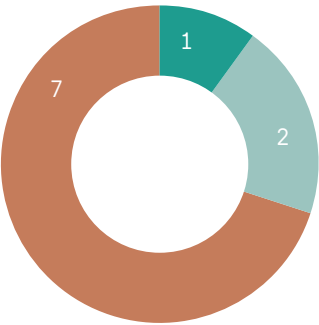
Gender diversity

- Male
- Female



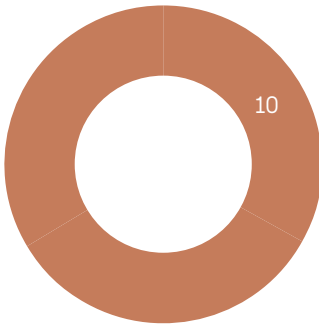
Age

- 31-50 years
- 51- 60 years
- Above 60 years



Experience

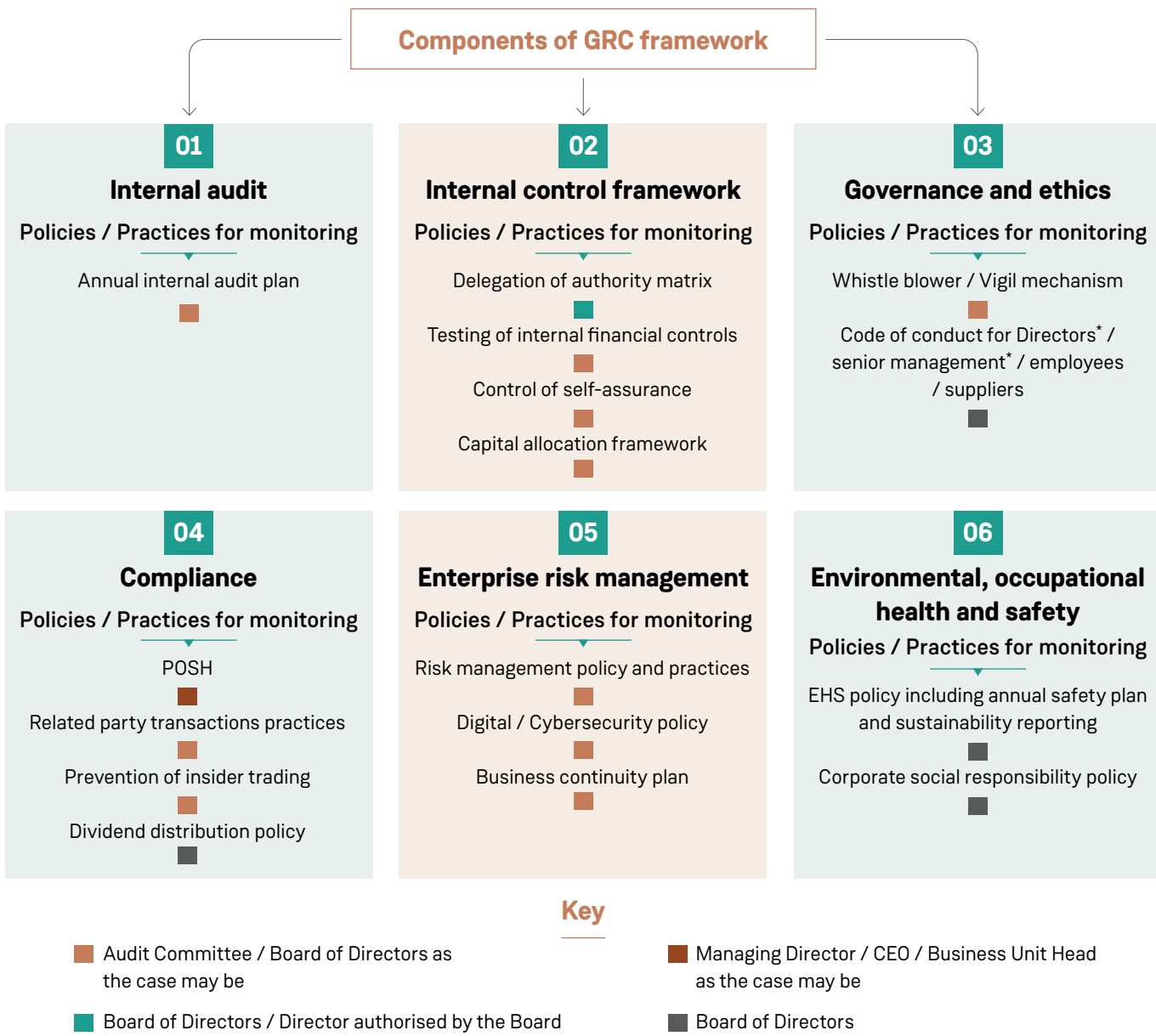
- 3-5 years
- 6-10 years
- Above 10 years



*As on May 14th, 2026

Governance, policies and code of conduct

KOEL policies are designed to enhance organisational effectiveness through the integration of Governance, Risk and Compliance (GRC) processes. It establishes a cohesive framework that supports the achievement of strategic objectives while facilitating regular and objective monitoring of governance initiatives.



20+

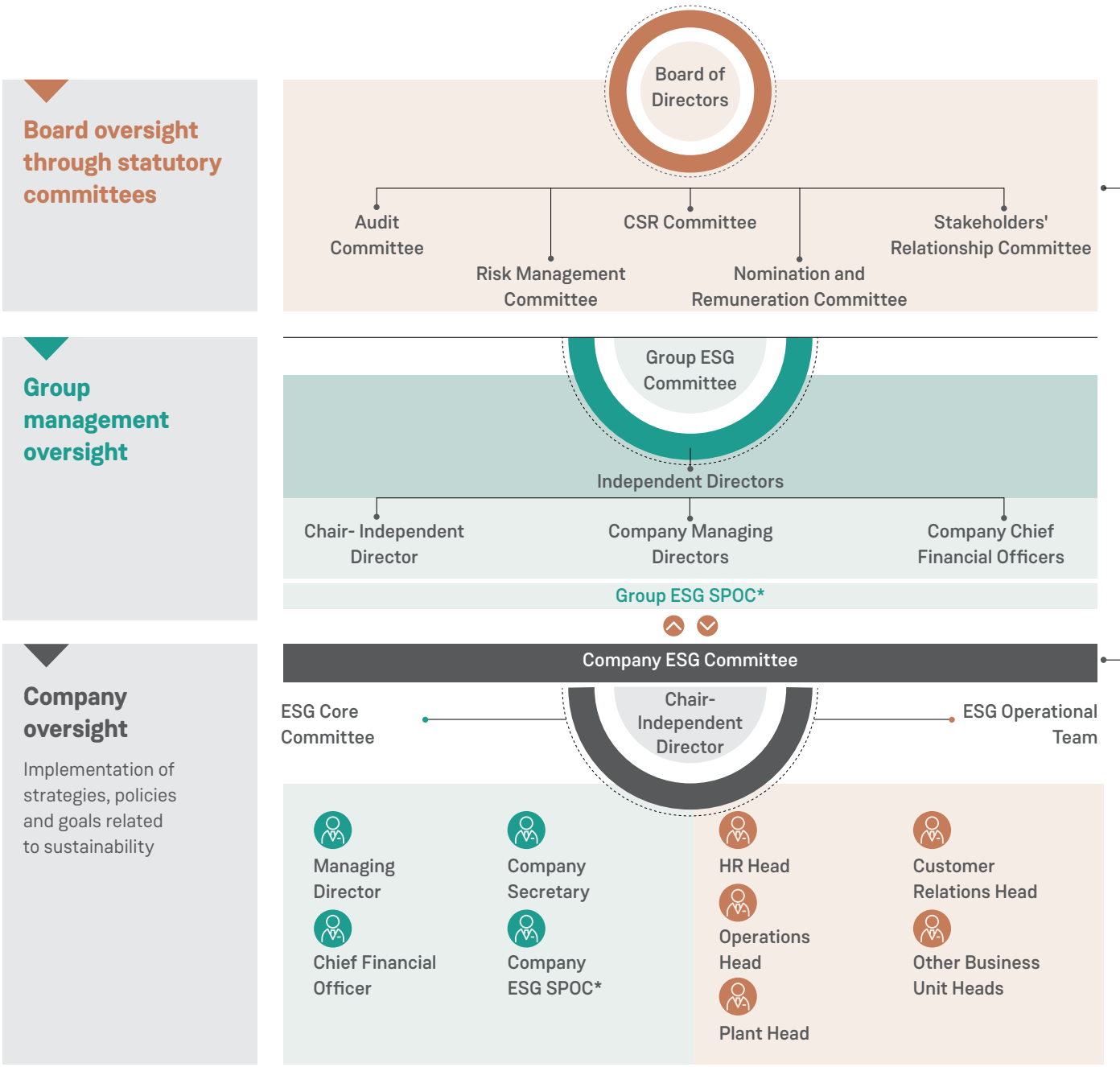
Governance policies in place

Read more here: <https://www.kirloskaroilengines.com/investors>

*Approved by the Board of Directors

ESG governance structure

By making ESG critical to decision hygiene, we go beyond compliance and ensure outcomes that firm up investor confidence, meet customer expectations, and position Kirloskar Group as an employer of choice for top-tier talent. This ESG-integrated approach sharpens our risk management, protects our reputation, and creates value for both shareholders and employees. Our Board takes an active role in strengthening governance, treating it not as a static construct, but as a dynamic framework adapting to regulatory developments, emerging practices, and stakeholder expectations. By engaging with regulators and industry associations and accepting feedback, our practices remain relevant, rigorous, and responsive.



*SPOC - Single Point of Contact

Board of Directors*

The Board has constituted various committees to address specific matters and delegated powers across different functional areas as per requirements of the Act, the SEBI Listing Regulations, and other applicable regulatory frameworks, guidelines, notifications, directions, and circulars. These Committees oversee activities within their defined terms of reference and assist the Board in effectively discharging its responsibilities.



1

Mr. Rahul C. Kirloskar, 62
Chairman, Non-Executive
and Non-Independent Director

2

Ms. Gauri Kirloskar, 42
Vice Chairperson &
Managing Director

3

Mr. Vinesh Kumar Jairath, 67
Non-Executive and
Non-Independent Director

4

Mrs. Purvi Sheth, 53
Non-Executive and
Independent Director

5

Mr. Yogesh Kapur, 68
Non-Executive and
Independent Director

6

Dr. Shalini Sarin, 60
Non-Executive and
Independent Director

7

Mr. Arvind Goel, 68
Non-Executive and
Independent Director

8

Mr. Srikumar Vijayasekharan, 65
Non-Executive and
Independent Director

9

Mr. Satish Jamdar, 74
Non-Executive and
Independent Director

10

Dr. Kandathil Mathew
Abraham, 68
Non-Executive and
Independent Director

*As at May 14th, 2026

Leadership team



1

Mrs. Kiran Bhagnure-Khapre
Chief Human Resource Officer

2

Mr. Sachin Kejriwal
Chief Financial Officer

3

Ms. Gauri Kirloskar
Vice Chairperson &
Managing Director

4

Mr. Rahul Sahai
Chief Executive Officer

Risk Management

Converting uncertainties into opportunities

Risk management is embedded across our operations and guides decision-making at every level.

Our framework integrates both strategic and ground-level perspectives, underpinned by a rigorous internal control system continuously validated through audits and calibrated to our business's scale and complexity. Recognising risk as inherent to our environment, we balance foresight with preparedness. Our response is practical, responsive, and forward-looking: mapping exposures across business, operational, and strategic levels while embedding controls into every critical process.

The risk management policy is reviewed by the Board of Directors and updated as necessary once every two financial years, ensuring that it remains aligned with evolving industry dynamics and the organisation's growing complexity.



Enterprise risk management

Principles of risk management

The following principles underpin our approach to risk management across the organisation:

Informed decision-making	Every business decision is taken with a thorough understanding of associated risks and a conscious acceptance of their implications.
Value protection and enhancement	Our risk approach is built to safeguard and strengthen business value by proactively addressing uncertainties and minimising potential adverse outcomes.
Employee awareness	We foster a culture where every employee understands the risks relevant to their role and is equipped with the knowledge to address and manage them effectively.
Long-term effectiveness	The controls and measures we deploy are designed for sustained impact, embedded directly into our core business processes rather than treated as isolated interventions.
Regular review of risk tolerance	Our risk tolerance thresholds are periodically revisited and recalibrated to remain aligned with the evolving direction and priorities of the organisation.
Prompt reporting and action	All risk events — whether emerging, ongoing, or resolved — are reported in a timely manner, with appropriate and decisive action taken at each stage.

Enterprise risk management

Risk governance framework

Our risk management framework is structured around a multi-tiered governance model. The Risk Management Committee, acting on behalf of the Board, holds the overall responsibility for formulating and overseeing the policy. One designated risk owner, drawn from the senior leadership team or a relevant business or function head, is assigned to each identified risk, supported by team members responsible for executing the mitigation plan. The head of internal audit is responsible for monitoring and ensuring adherence to all mitigation plans enterprise-wide.

Level	Key roles and responsibilities
Risk Management Committee on behalf of the Board	- Formulates and oversees the risk management policy - Ensures adequate methodologies and systems are in place - Reviews policy at least once every two years - Keeps the Board informed of risk-related discussions and actions
Senior leaders (Risk owners)	- Review enterprise and business risks periodically - Initiate mitigation actions - Identify risk owners - Provide updates to the Risk Management Committee and Board
Internal audit & risk management	- Facilitates execution of risk management practices across the enterprise, including identification, assessment, monitoring, mitigation, and reporting - Works closely with risk owners on mitigation deployment
Business & Functional Teams (Risk Mitigators)	Implement risk action plans at the unit level as designated Risk Mitigators
All employees	Adhere to risk management policies, implement prescribed mitigation actions, and report risk events and incidents in a timely manner.

Risk assessment process

Our structured risk management process systematically identifies, assesses, monitors, and mitigates risks in consistence with our overall strategic direction. It covers significant risks across all levels of the organisation, adopting a balanced methodology that integrates both top-level and ground-level perspectives. Risks are reviewed on a continuous basis, with due consideration given to external developments that may influence our risk environment.

The process is structured around three interconnected stages:

 Risk identification and categorisation Risks are identified using the COSO framework, adopting a top-down approach across four domains: strategic, operational, financial, and compliance, at both the enterprise and business unit levels.	 Risk description Each identified risk is documented in a structured format capturing the scope, nature, stakeholders affected, likely impact, and possible mitigation measures.	 Risk estimation The consequences of each risk occurrence are quantified using quantitative or qualitative techniques. Probability is assigned from very high to very low, and risks are classified as high, medium, or low based on the cost impact analysis.
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These stages operate as a continuous, integrated cycle, ensuring that the risks are understood, tracked, and managed across the entire organisation.

Key risks

The table below outlines the key risk categories monitored across the organisation, along with their potential impacts, mitigation measures, and the capitals they affect.

Risk category	Impact	Mitigation
Strategic risk 	Shifts in market dynamics or policy landscapes that affect long-term objectives	Strategic planning, portfolio diversification, and continuous scenario modelling
Business risk 	Fluctuations in customer demand, product effectiveness, or competitive positioning	Incorporating customer insights, periodic product refreshes, and benchmarking against peers
Operational risk 	Disruptions to production processes, supply chains, or service delivery	Preventive equipment maintenance, multi-vendor sourcing strategies, and proactive inventory management
Compliance risk 	Failure to meet regulatory requirements, policy gaps, or inadequate disclosures	Regular internal audits, ongoing staff training, and periodic legal assessments
People risk 	Talent attrition, capability misalignment, or workforce disengagement	Targeted retention initiatives, continuous reskilling, and structured onboarding frameworks
Economic risk 	Inflationary pressures, interest rate volatility, or broader financial constraints	Disciplined financial planning, hedging strategies, and active cost monitoring
Sustainability risk 	Strain on natural resources, carbon emissions, and adverse environmental footprint	Transition to renewable energy, waste minimisation programmes, and sustainable product innovation
Cybersecurity risk 	Exposure to digital threats, data security breaches, or IT infrastructure vulnerabilities	Multi-layered defence architecture, routine security audits, and employee cyber-awareness training
Business continuity 	Operational disruptions arising from climate events, geopolitical conflict, or natural disasters	Comprehensive continuity plans, regular recovery drills, and decentralised system architecture

Performance highlights

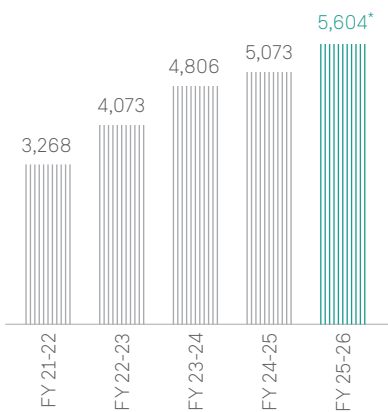
Financial performance

This year's strong performance was driven by disciplined cost management, stable pricing, and better capacity utilisation. Targeted investments in channels, products, and services supported topline growth, while we maintained a balance between expansion and capital efficiency.

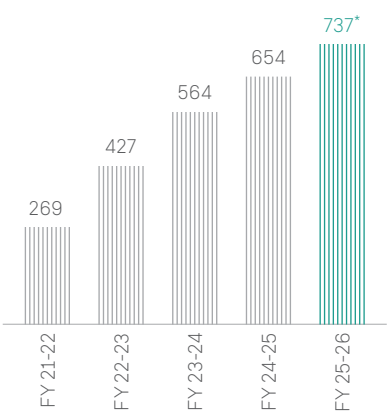
“Our journey of prudent working capital management has rewarded us well — a healthy cash balance, a debt-free standalone position, and a stable credit score. Today, we channel these strengths into funds for expansion, self-funding the next chapter of growth.”

— Sachin Kejriwal,
Chief Financial Officer - Kirloskar Oil Engines Limited (KOEL)

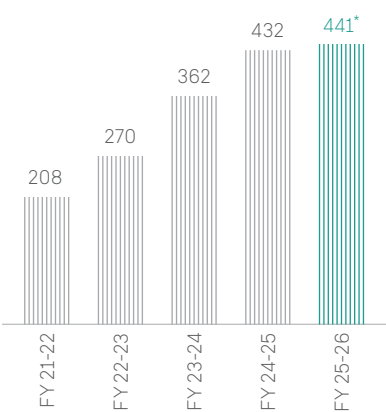
Sales (₹ in cr)



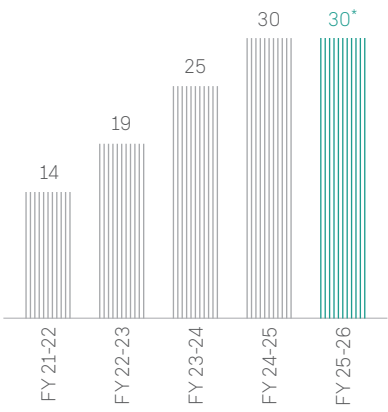
EBITDA (₹ in cr)



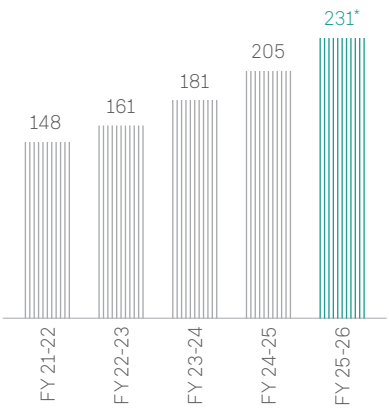
Net profit (₹ in cr)



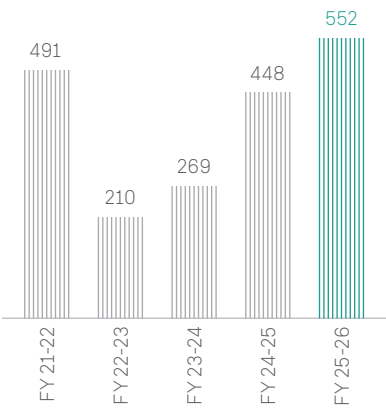
Earnings per share (₹)



Book value per share (₹)



Net cash** position (₹ in cr)



*Figures for FY 25-26 represent continuing operations only
**Net of debt; includes treasury investments and excludes unclaimed dividends

AA+/Stable

CRISIL long term rating
(Upgraded from CRISIL
AA/Positive)

A1+

CRISIL short term rating
(Reaffirmed)

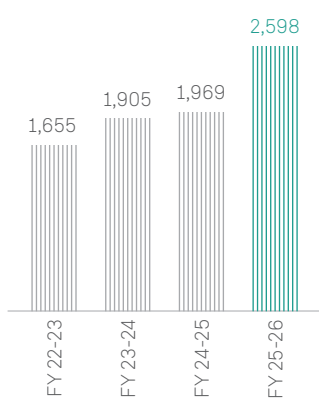
A1+

100 crores commercial paper
(Reaffirmed)

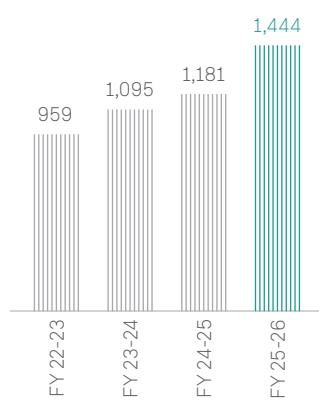
Segment wise revenue highlights*

Power and energy segment

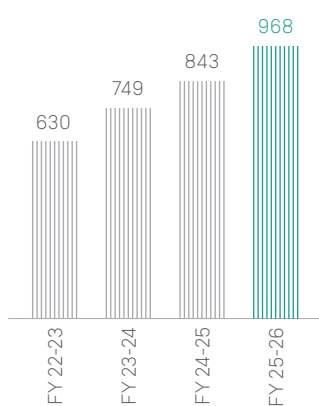
1. Powergen sales (₹ in cr)



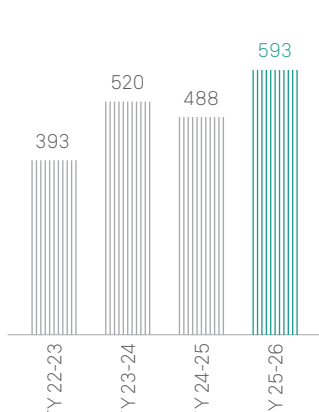
2. Industrial sales** (₹ in cr)



3. Distribution and after market sales (₹ in cr)



4. International sales (₹ in cr)

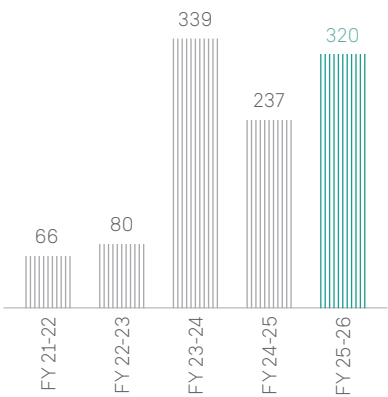


*Segments reported are for continuing operations only. W.e.f 11th October 2025, standalone B2C business was transferred to KFD (wholly owned subsidiary) and the B2C operations are classified as discontinued operations.
**Includes numbers of FMS business, reorganised w.e.f 1 April 2025 and the comparative numbers are also regrouped accordingly.

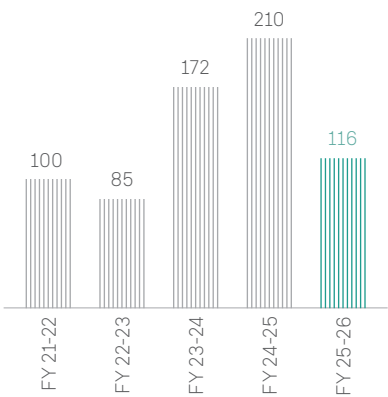
Operational performance

The year saw focused progress in production efficiency, export growth, and supply chain visibility. Plant modernisation and R&D investments aligned with regulatory needs and product development, while tighter inventory management improved working capital. Export revenues grew across key markets as genset volumes held steady.

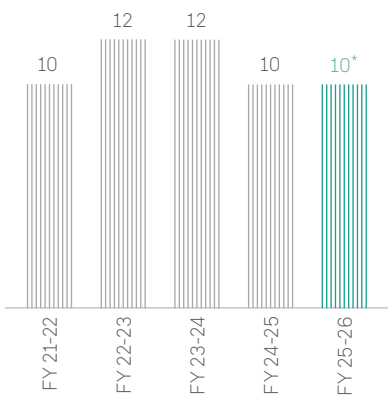
Capital expenditure (₹ in cr)



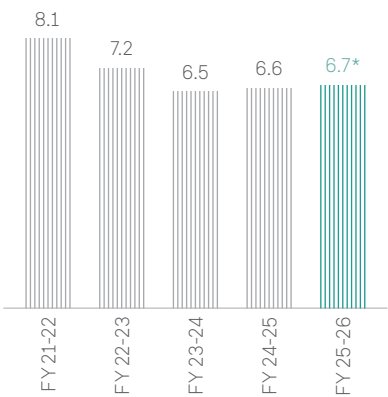
R&D expenditure (₹ in cr)



Export sales (% of total sales)



Inventory turnover ratio (times)



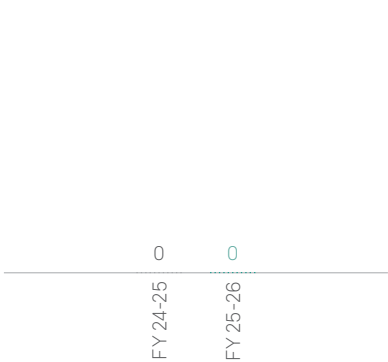
*Figures for FY 25-26 represent continuing operations only



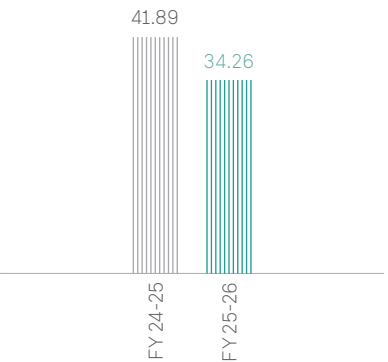
ESG performance

We advanced sustainability, capability-building, and social impact this year. Cleaner technologies, water, and energy efficiency improved across sites, while training and safety performance were strengthened. Community programmes deepened engagement with priority groups, aligned to local development needs.

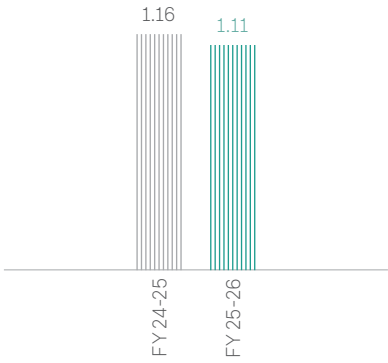
Lost time injury frequency rate (LTIFR) (per million employees)



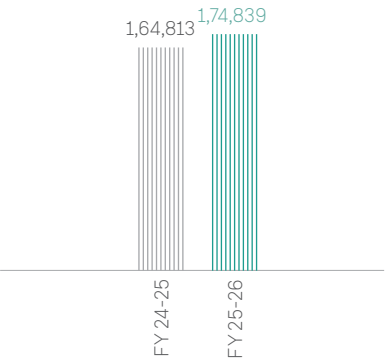
Water intensity (kL/million rupees)



Waste intensity (Metric tonnes/million rupees)



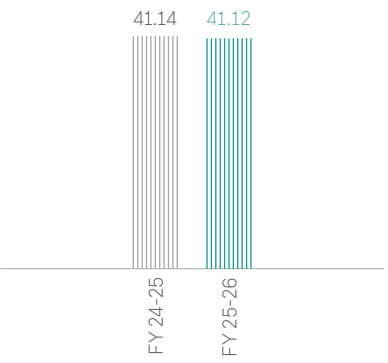
CSR Beneficiaries impacted (Number)



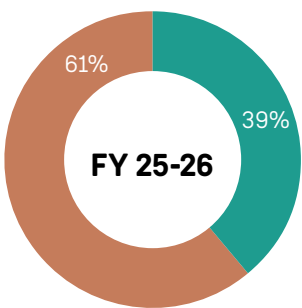
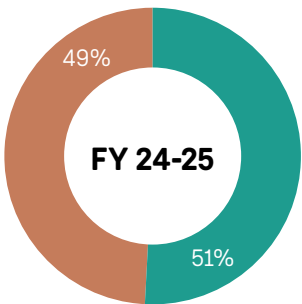
Scope 1 and 2 emission Intensity (tonnes/million rupees)



Energy intensity (GJ/million rupees)



Renewable energy share in total electricity consumption



■ Renewable sources
■ Non-renewable sources

During FY 25-26, KOEL rationalised its procurement of renewable power through the open access route following changes in tariff regulations introduced by MSDCL. The revised tariff structure reduced the cost competitiveness of open access renewable electricity, leading the Company to optimise its energy sourcing strategy. KOEL continues to evaluate renewable energy options while balancing sustainability objectives with operational and cost efficiency considerations.

Engineering at scale

Built for what cannot run out of charge

KOEL powers India's most unforgiving environments — from metro tunnels to nuclear standby systems.

There is a particular kind of engineering problem that most manufacturers choose not to solve. It lies at the intersection of extreme reliability, complex installation physics, and regulatory scrutiny. At KOEL, this space is increasingly bustling with activities.

Our 1,250 kVA product family reflects a deliberate move into premium, mission-critical power. At this scale, thermal management, load response stability, noise and vibration control, and multi-unit synchronisation are not optional; they determine whether the engine qualifies at all.

1,250 kVA

Premium industrial genset range, deployed across data centers, metro infrastructure and critical standby systems

KOEL is not arriving as a component supplier. Exhaust engineering, ventilation modelling, room acoustics, synchronisation systems, fuel design the full application stack is being delivered in-house. That shift from product to solution is what changes the commercial relationship.

Application engineering scope

- Exhaust and ventilation system design
- Room acoustics and noise certification
- Multi-unit synchronisation architecture
- Complete fuel system integration

5 sectors

Metro, industrial, data centers, real estate, critical standby

The evolution of zero-error engineering

This ability to deliver highly customised solutions across infrastructure, rail, and metro networks serves as the operational baseline for our most critical mission. KOEL achieves this by taking absolute, end-to-end ownership of the entire engineering solution stack in-house. By cross-pollinating these complex capabilities across diverse business verticals, the same engineering discipline that guarantees uptime in high-density urban environments is seamlessly scaled up to meet the uncompromising, fail-proof technology standards required for nuclear standby applications.

When grid cannot be a backup plan

KOEL's involvement in the 6 MW engine development programme marks a category shift not just in product scale, but in the kind of customer the Company serves. Nuclear standby power is not a market entered lightly. The qualification standards, documentation requirements, and lifecycle commitments are of an entirely different order.

The Kudankulam nuclear power plant demands engines that may sit dormant for years, then start within seconds and sustain full load without hesitation. Fault tolerance is designed in from the first drawing. Quality traceability runs from raw material to commissioning record.



6.3 MW x 10

Indigenous engines currently in execution for a strategic national customer

₹ 768 cr

Order Value

68 months

Execution programme

Zero

Tolerance for in-service failure, nuclear-grade reliability standards

NPCIL

Certified Nashik facility validated for nuclear-grade manufacturing

What KOEL has built is not just a product range; it is the engineering infrastructure to support the most demanding power users in the country. That is a position that takes years to earn and cannot be replicated quickly.

Business model

External environment

Inputs

1. Grow

- We strategically deploy our financial capital to fuel our growth ambitions and deliver optimal returns to our stakeholders.
- Paid-up capital - ₹ 29 crores
 - Capex for last three years - ₹ 896 crores

2. Innovate

- We invest in nurturing intellectual capital by promoting continuous learning and building partnerships with educational institutions.
- R&D expense - ₹ 116.5 crores
 - R&D employees - 410

3. Excel

- By leveraging our state-of-the-art manufacturing capital, we continue to drive our operational excellence.
- Manufacturing plants - 5
 - Gross block* - ₹ 2,390 crores

4. Empower

- To empower our human capital, we offer a wide range of training and development opportunities that enhance their skills.
- Total permanent employees - 2,298

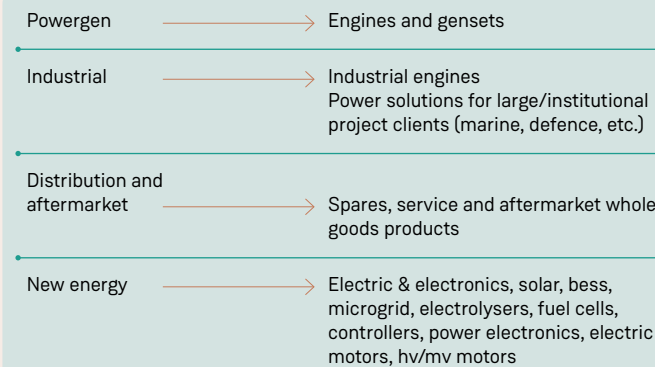
5. Sustainable & responsible

- We embrace eco-conscious practices and build trust through responsible initiatives that strengthen natural, social and relationship capital, fostering sustainable livelihoods and creating a caring, prosperous and sustainable future.
- Total renewable electricity consumption - 44,882 GJ
 - Total volume of water withdrawal - 2,04,362 kL
 - Total waste recycled - 6,366.14 metric tonnes
 - CSR expenditure - ₹ 9 crores

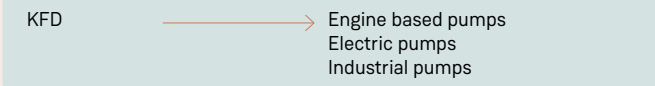
Process

Business segments and offerings

Power and Energy segment (Domestic + International)



Fluid Dynamics Segment (Domestic + International)



Industries Served



Outputs

1. Grow#

- Revenue - ₹ 5,647 crores
- EBITDA - ₹ 737 crores

Read more at Page 74.

2. Innovate

- Patents applied - 8
- Design applications filed - 14

Read more at Page 78.

3. Excel

- Export sales# - ₹ 557 crores

Read more at Page 82.

4. Empower

- Per million employees LTIFR - 0
- Fatalities - 0
- Investment in learning and development - ₹ 1.6 crores

Read more at Page 92.

5. Sustainable & responsible

- Reduction in energy intensity in terms of physical output - 22%
- Reduction in Total Scope 1 and Scope 2 emission intensity in terms of physical output - 14%
- No. of CSR beneficiaries - 1,74,839

Read more at Page 100.

Outcomes

Certifications

ISO 14001:2015



ISO 45001:2018



ISO 9001:2015



IMS Certification from ABS QE



1. Grow

- Sustained top-line expansion
- Enhanced margins driven by operational efficiency
- Resilient and well-capitalised balance sheet

2. Innovate

- Accelerated innovation through strategic R&D investments
- Expansion of premium and high-horsepower genset portfolio
- Stronger market positioning

3. Excel

- Expanded capabilities in specialised industrial engine manufacturing
- Indigenous high-capacity engines for strategic sectors introduced
- Stronger order visibility through high-entry-barrier segments

4. Empower

- Accident-free operations across manufacturing facilities
- Extensive employee learning and development initiatives
- Inclusive and employee-centric workplace culture

5. Sustainable and responsible

- Environmentally responsible manufacturing practices
- Reduced greenhouse gas emissions
- Continuous focus on environmental stewardship
- Building long-term value-driven stakeholder partnerships
- Strengthened global OEM partnerships
- Diversified customer base for scalable growth

Data center expansion

Stricter environmental scrutiny and decarbonisation push

*Gross block includes Property, plant and equipment and Other intangible assets

#Numbers reported are for continuing operations only and exclude exceptional items, wherever applicable

Push for indigenisation and infrastructure

Operating context

Navigating a market in motion

KOEL operates at the intersection of India's infrastructure growth, energy transition, and digital expansion. While regulatory changes and evolving energy dynamics throw up challenges, the Company is geared up to capitalise on premiumisation, industrial capex, and emerging energy solutions, enabling sustainable and resilient growth.

Key market trends

Rising demand from infrastructure, data center, and industrial capex

Market context

India's \$2.8 billion genset market has been growing at over 10% per year to surpass \$5.4 billion by 2030, driven by data centers, manufacturing facilities, hospitals, airports, and commercial real estate.

Impact

This increased demand is translating into sustained volume growth across the industry, with particularly strong momentum in high-horsepower and mission-critical applications.

Our response

We are in process of expanding our manufacturing capacity and deepening our capabilities in HHP and mission-critical segments, while strengthening our order pipeline across industrial and infrastructure verticals. This positions us to benefit disproportionately from segments where demand is most resilient, driving bulk orders and ensuring long-term demand visibility.



The export pivot

Market context

Strained US-China trade ties and the West's 'China+1' strategy have positioned India as a premier manufacturing and export hub, driving a 13% y-o-y growth in engineering exports. Concurrently, geopolitical uncertainties and energy transition mandates are accelerating global investment in alternative fuels and hybrid technologies.

Impact

These global shifts create sustained international demand for reliable, future-ready, and emission-compliant power platforms.

Our response

We are aggressively scaling our flagship Optiprime series in international markets. As the world's most flexible generator platform in its class, it perfectly captures this global demand for versatile, next-generation infrastructure.



Premiumisation trend

Market context

Across the genset market, the demand is shifting towards medium and high horsepower products, driven by a growing share of data centers and large infrastructure projects in the overall demand mix. This shift is more structural rather than cyclical, as end-use applications become more power-intensive and reliability-critical.

Impact

For manufacturers with a strong presence in higher-HP categories, this mixed shift is translating directly into margin improvement.

Our response

KOEL has accelerated its transition to HHP products, anchored by innovative offerings such as Optiprime and its ability to customise last-mile solutions. The flexible single-package design simplifies transportation and

installation while enabling project-specific adaptations for acoustics, space constraints and site conditions. This solution-led approach, combined with a structured aftermarket programme, is helping us build recurring, margin-accretive revenue streams.



Structural demand drivers remain intact

Market context

India's genset market is underpinned by a set of structural forces that remain stable. Rapid urbanisation, sustained infrastructure build-up, expansion of telecom networks, and persistent gaps in grid reliability — all create a baseline of demand for gensets.

Impact

These structural drivers provide a long runway of steady demand visibility.

Our response

We are targeting overseas markets where grid reliability gaps create demand dynamics similar to those that have driven KOEL's domestic success, providing a natural hedge against any softness in the home market.



Distribution and aftermarket transformation

Market context

India's industrial aftermarket and service ecosystem is expanding as customers increasingly prioritise equipment uptime, lifecycle value and maintenance efficiency. Growth in infrastructure, manufacturing and industrial equipment installations is driving demand for maintenance contracts, digital service platforms, remote diagnostics and predictive maintenance solutions. OEM-authorized service networks are also gaining importance as equipment becomes more technologically advanced and reliability-critical.

Impact

This shift is creating sustained opportunities for companies with strong service networks, customer engagement capabilities and digital service infrastructure. Businesses that can provide reliable aftermarket support, maintenance solutions and rapid response capabilities are better positioned to enhance customer loyalty, increase service penetration and grow recurring revenues.

Our response

KOEL has strengthened its DABU through service penetration initiatives, dealer consolidation, digital transformation and

focused AMC and extended warranty programmes. During the year, the business was restructured to enhance focus on major accounts, supported by dedicated service teams for key Powergen and industrial customers.

We also expanded its whole-goods portfolio, strengthened customer engagement initiatives and invested in future-ready service infrastructure, enabling a more responsive and integrated customer experience.

~500

Service touchpoints in India



India's defence expansion

Market context

India's defence sector is expanding on the back of stronger budgetary support, higher capital spending and a clear push for 'Aatmanirbhar Bharat'. For FY 26-27, the Defence Ministry's capital allocation is over ₹ 2.19 lakhs crores, and the overall defence budget stands at ₹ 7.85 lakhs crores. Defence industrial corridors have already attracted, while defence production and exports have reached record levels. The government has also highlighted the private sector and MSMEs as key contributors to this growth, with private players accounting for 45.16% of defence exports in FY 2025-26.

Impact

This environment is creating multi-year opportunities for private players that can supply mission-critical systems, specialised subsystems and reliable lifecycle support for defence applications. As procurement shifts more towards

domestic sourcing, businesses are being asked to deliver higher reliability, faster deployment, tighter compliance and stronger supply-chain resilience. In practice, this is widening the role of private manufacturers from product suppliers to integrated solution partners.

Our response

We have positioned ourselves for this opportunity by incorporating Kirloskar Advanced Systems Pvt. Ltd. as a wholly owned subsidiary to handle specialised work in defence and railways separately from its core engines business. We have the engineering capability up to 10 MW and our defence portfolio covers land-based projects, while our marine DG sets serve defence vessels and related applications. This gives us a focused platform to participate in India's defence modernisation with project-specific, reliable power solutions.



External environment

Stricter environmental scrutiny and decarbonisation push

Market context

Beyond CPCB IV+, the broader trajectory of environmental regulation and corporate sustainability commitments is placing increasing pressure on diesel-based power generation. Consumers across sectors are facing growing scrutiny and this is beginning to shift the purchasing decisions in favour of lower-emission and hybrid power solutions. As a result, gas-based gensets and hybrid, solar and DG, configurations are emerging as the most immediate alternatives.

Impact

For the genset industry, this trend creates both a challenge and an opportunity. Manufacturers that remain anchored to conventional diesel products face the risk of gradual loss of demand as customers pursue greener alternatives. Those that invest in alternative technologies can position themselves to lead the next generation of the market, capturing early-mover advantage in segments that are growing rapidly and carry higher margins.

Our response

KOEL has chosen to treat the alternate energy push as a strategic opportunity, instead of a threat. We have launched hybrid Optiprime series and it is gaining commercial traction and are investing in the development of hydrogen-ready systems to ensure it is positioned for the longer-term evolution of the market. We also provide engines designed to run on alternative fuels like ethanol, methanol, biodiesel, natural gas, biogas, and hydrogen. These include dual-fuel and flex-fuel solutions, helping industries reduce their carbon footprints.



Push for indigenisation and infrastructure

Market context

Government policy is playing an increasingly significant role in shaping the demand pattern in the industrial sector. Make-in-India initiatives in defence, railways, and marine are driving a strong preference for domestically manufactured equipment.

The government's sustained commitment to investing in infrastructure across roadways, ports, energy systems, and urban development is generating large, long-duration project opportunities.

Impact

These policy-driven segments share common traits such as meaningful entry barriers in the form of technical certifications and indigenisation requirements that strictly limit the pool of suppliers, ensuring credibility. For companies that qualify, this translates into the access to high-value, relatively stable demand that is less exposed to the competitive intensity of open-market segments.

Our response

We have made targeted investments in the capabilities and certifications required to compete credibly in defence, railways, and marine applications, developing indigenised product variants that meet the specific requirements of government procurement frameworks. The Company has partnerships with government agencies and PSUs to build the reputation and track record needed to capture a growing share of infrastructure-linked demand — a segment that we view as an important source of high-quality, long-cycle revenue.

Data center expansion

Market context

India makes up about a fifth of global data consumption but hosts less than 5% of the world's data centers. The industry is on a swing. India's digital infrastructure is expanding rapidly with enterprises investing heavily in data center capacity. It is estimated that India's data center capacity is expected to grow from 1.5 GW in 2025 to 8-10 GW by 2030. Unlike most commercial applications, data centers operate under strict uptime requirements and cannot tolerate grid instability, making high-capacity backup power not a discretionary purchase but a core infrastructure requirement.

Impact

This non-discretionary nature of demand, combined with the scale and speed of data center investment across the country, is creating powerful and sustained tailwinds for premium, high kVA gensets.

Our response

We have made the data center segment a strategic priority, treating data center expansion as a large opportunity in high-capacity, premium gensets.

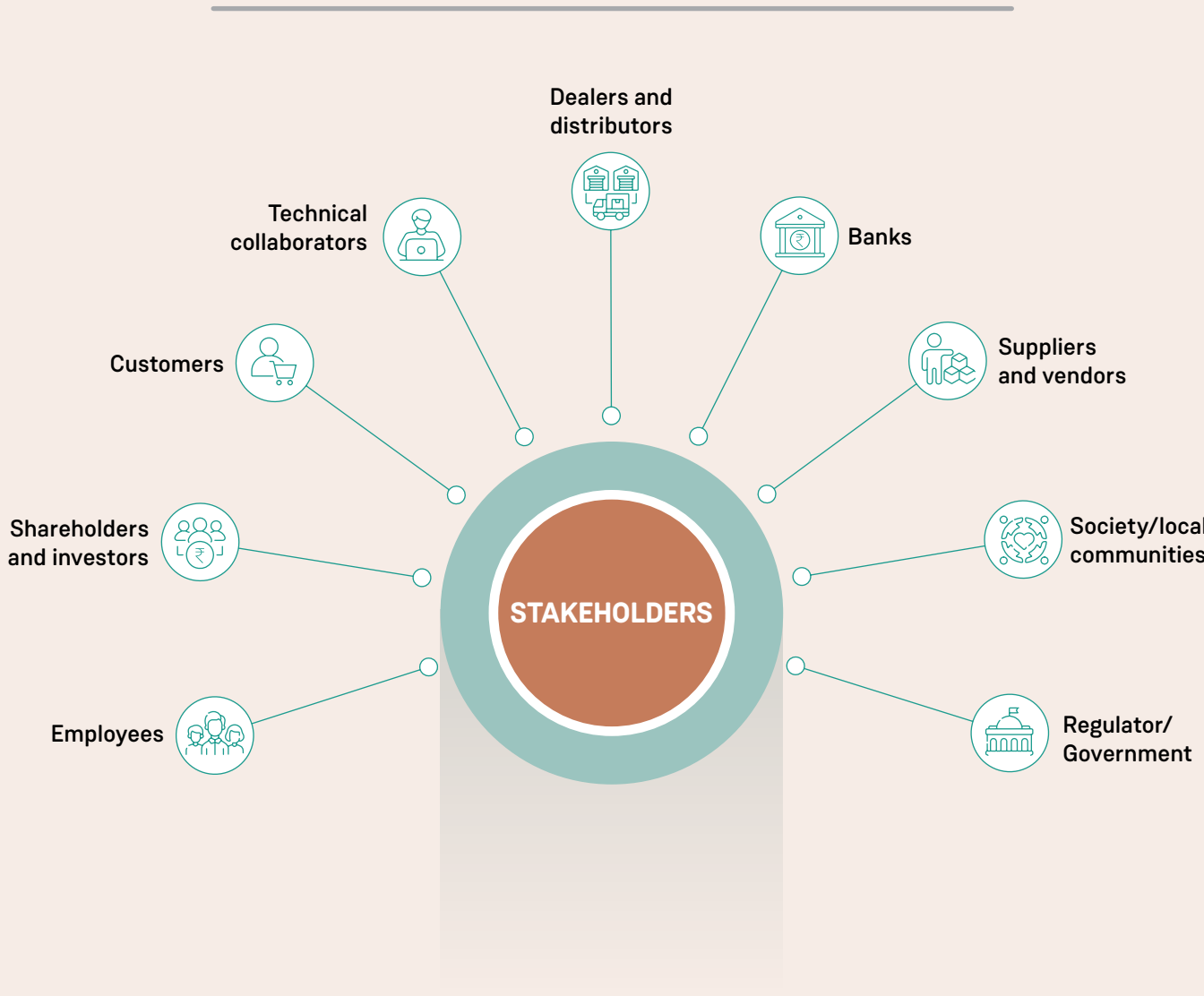


Stakeholder engagement

Involvements that instil trust

We believe that resilience is contingent upon our ability to comprehend and respond to the priorities of those who influence us. Stakeholder engagement is not regarded as a one-time consultation, rather it is a continuous process, incorporated into our governance, strategy, and operations.

We engage with a diverse array of stakeholders. Each of them has unique expectations. Our interactions with them help us predict a change, pre-empt it with enhanced transparency, and prepare to be in sync with the change by creating value for both sides. We can make decisions that are sustainable, balanced, and informed by aligning our actions with stakeholder inputs.



Employees				
UN SDGs linkages 		Why we engage - Talent development and retention - Safety and well-being in the workplace - Learning and upskilling opportunities - Workplace ethos and inclusion - Feedback and transparent communication	How we engage - Internal newsletters and intranets - Leadership connect sessions and open houses - Career planning assessments and performance evaluations - Cross-functional taskforces and digital learning platforms	Frequency of engagement Need-based and as required
Goal linkages Empower				
Shareholders and investors				
UN SDGs linkages 		Why we engage - Business strategy, financial performance and outlook - Future investments and capital expenditure - Governance practices and transparency - Reception and resolution of grievances - Adherence to relevant legislation - Sustainability and responsible disclosures	How we engage - Annual General Meetings - Investor presentations and analyst meetings - Media releases and regulatory announcements - Annual Report and financial disclosures	Frequency of engagement Quarterly
Goal linkages Grow				
Customers				
UN SDGs linkages 		Why we engage - Awareness of the brand and market visibility - Information on new and existing products - Availability, quality and pricing of products - Grievance redressal and transparency - Product development feedback - Pre- and post-sales service experience	How we engage - One-on-one interaction - Surveys of customer satisfaction - Helpdesk and service touchpoints - Customer events, camps and exhibitions	Frequency of engagement Need-based and as required
Goal linkages Excel				

Technical collaborators			
UN SDGs linkages	Why we engage	How we engage	Frequency of engagement
 	- Business opportunities and strategic alignment - New product development and localisation - Leveraging mutual technological strengths - Product knowledge exchange and technical support	One-on-one interaction	Occasional
Goal linkages			
 Innovate			

Dealers and distributors			
UN SDGs linkages	Why we engage	How we engage	Frequency of engagement
  	- KOEL expectations and dealer need assessment - Product availability and portfolio updates - Quality and punctual delivery - Market conditions and business environment - Customer expectations and on ground insights - Awareness and visibility of the brand - Compliance and contractual obligations	- One-on-one interaction - Reviews conducted on a monthly or quarterly basis - Assistance from the helpdesk - Dealer conferences and business meet	Monthly
Goal linkages			
 Empower			

Banks			
UN SDGs linkages	Why we engage	How we engage	Frequency of engagement
 	- Approval and renewal of funding and non-funding limits - Financial performance updates - Strategic business direction and outlook	- Consortium meetings - Interactions with member institutions on a regular basis	Periodic
Goal linkages			
 Grow			

Suppliers and vendors			
UN SDGs linkages	Why we engage	How we engage	Frequency of engagement
   	- Enhancement of delivery, cost, and quality - Enhancement of capabilities and technology sharing - Contractual compliance and transparency - Innovation opportunities - Partnership development over an extended period	- One-on-one interaction - Annual supplier meets and conferences - Quality audits and SQI visits - Supplier 'A' Panel Meets and Technology Day - Quality contests and Supplier Satisfaction Surveys - Joint improvement activities, including BPR, SPI and Value Engineering - Samvardhan programme and supplier web portal	Need-basis and as required
Goal linkages			
 Innovate			

Society / local communities			
UN SDGs linkages	Why we engage	How we engage	Frequency of engagement
     	- Priorities for local development and need assessment - Initiatives for community development and welfare - Sensitivity to environmental and social concerns - Brand perception among local stakeholders	- One-on-one interaction - Vasundhara Film Festival and community events - CSR committee meetings and implementation reviews - Surveys on the Perception of Society and Corporate Social Responsibility	Annual
Goal linkages			
 Sustain			

Regulator / Government			
UN SDGs linkages	Why we engage	How we engage	Frequency of engagement
     	- Why we engage - Adherence to relevant laws and regulations - Timely and transparent tax contributions - Employment generation and local engagement - Social responsibility alignment - Industry concerns and policy advocacy - Comprehending and adhering to the expectations of the government	- Engagement in economic publications, periodicals, and seminars - Communication with district, state, and central authorities - Consultations with tax departments and pollution control boards - Submissions through regulatory channels and industry forums	Periodic
Goal linkages			
 Grow			

Materiality assessment

Identifying issues that drive the impact

We believe understanding what matters the most to our business, our stakeholders, and the world we operate in is the foundation of a sound strategy. Our materiality assessment process precisely gives us that clarity, surfacing the issues with the greatest relevance to our long-term performance and guiding how we allocate focus, mitigate risks, and pursue opportunities.

Materiality process

Building on the materiality assessment conducted in CY 23, KOEL undertook a reassessment in CY 26 to validate the relevance of previously identified ESG topics and ensure alignment with evolving stakeholder expectations, regulatory developments and the Company's changing business landscape.

We developed two sets of questionnaires to assess stakeholder expectations and the impact of the identified material topics.

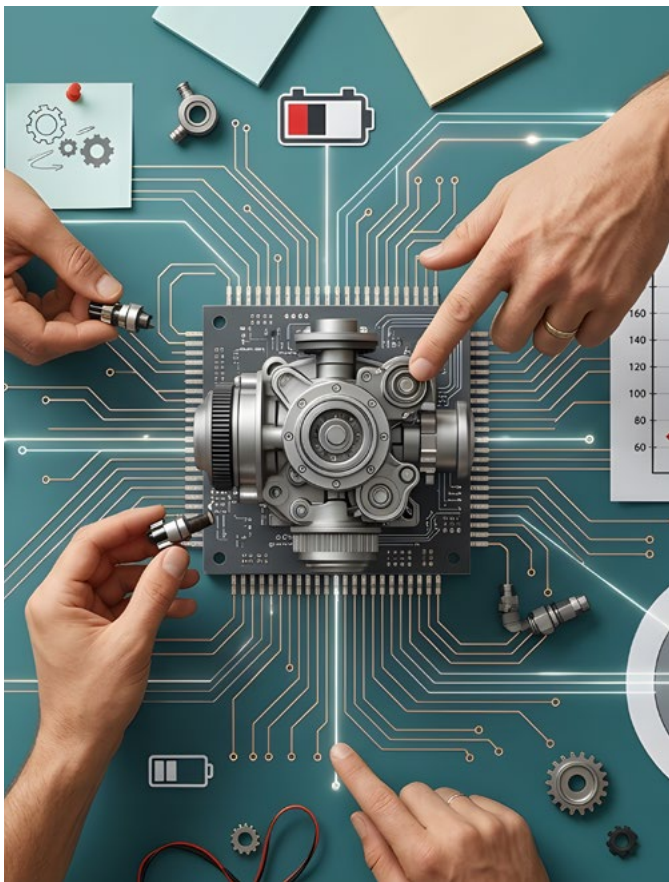
Stakeholder survey

Employees & external stakeholders ranked material topics.

Leadership survey

Leadership assessed each topic's potential impact on business.

We surveyed 76 internal and external stakeholders, including Board members, senior leadership, employees, customers, suppliers, investors, regulators, communities and knowledge partners, were engaged through structured surveys. Their responses were analysed using a defined scoring methodology, with the results directly informing the materiality matrix that shapes KOEL's sustainability agenda and its sustainability strategy for its 2030 vision.



Materiality matrix



Governance	Social	Environment
1. Corporate governance	3. Occupational health and safety	5. Circular economy
2. Business ethics	6. Human capital development	7. Climate action
4. Sustainable innovation	8. Human rights	
9. Responsible supply chain	10. Community relations	
11. Stakeholder engagement		
12. Product stewardship		
13. Data privacy and cybersecurity		

Key material issues identified

(High and medium priority topics)

Corporate governance

The materiality assessment recognised that as we scale our operations across geographies and subsidiaries, robust governance becomes critical to managing compliance, reputational, and operational risks, while also presenting an opportunity to enhance stakeholder trust and long-term value creation. Actual impacts include improved investor confidence and strategic decision-making arising from strong oversight mechanisms, while potential negative impacts include regulatory penalties and reputational harm from gaps in governance.

The significance of this topic was prioritised based on its dual risk-and-opportunity nature and its foundational role in enabling all other material topics. We address this through clearly defined Board roles and responsibilities, independent committees, integrated Governance, Risk and Compliance (GRC) framework, enterprise risk management, vigil mechanisms, and continuous regulatory monitoring.

Business ethics

The materiality assessment recognised that as we operate across domestic and international markets with a wide network of business relationships, maintaining ethical conduct is fundamental to business continuity, reputation, and compliance. Actual impacts include stronger stakeholder trust and disciplined decision-making through a stringent ethical culture, while potential negative impacts include financial losses, penalties, and reputational damage arising from lapses such as fraud, conflicts of interest, or non-compliance with the Code of Conduct.

This topic was prioritised based on its broad applicability across the organisation and its direct bearing on our licence to operate. We manage this through a Code of Conduct applicable to Directors, employees, and suppliers, supported by structured policies on related party transactions, insider trading, whistle-blower protection, and mandatory training, ensuring early identification and resolution of ethical concerns.

Occupational health and safety

The materiality assessment reflected the significance of occupational health and safety across machinery-intensive manufacturing facilities and field service operations. Stakeholder inputs, including those from employees and senior leadership, highlighted the direct link between workplace safety and operational resilience. Positive impacts include enhanced employee wellbeing, workforce productivity, and our record of

zero injuries and fatalities across plants in the previous financial year. Potential negative impacts could be injuries, operational disruptions, regulatory non-compliance, and reputational harm from inadequate safety practices.

This topic was prioritised based on its high relevance to human rights and employee welfare, as well as the regulatory and financial consequences of safety failures. We manage this through environmental, occupational health and safety policies, ISO 45001-aligned safety management systems, periodic audits, emergency preparedness drills, hands-on training on PPE and fire safety, and an embedded safety reporting culture.

Sustainable innovation

The materiality assessment recognised that tightening emission norms, technological advancement, and our strategic transition from a diesel-centric portfolio to a diversified energy solutions model make sustained innovation essential for regulatory readiness and competitiveness. Actual positive impacts include differentiated product offerings, improved emissions compliance, and stronger long-term market positioning, while potential negative impacts from delayed or inadequate innovation include increased compliance costs, loss of market access, and reduced competitiveness.

This topic was prioritised as an opportunity, given its direct connection to our strategic transformation and future revenue potential. We manage this through structured in-house R&D investments, a technology roadmap focused on alternate fuels, emission-compliant platforms, modular designs, and digital integration with strong governance oversight ensuring alignment between innovation, manufacturing, and market objectives.

Circular economy

Circular economy was identified as a material topic through our 2026 materiality assessment, informed by stakeholder expectations around responsible resource use, intensifying regulatory focus on waste and material efficiency, and the environmental footprint of our manufacturing-intensive operations. Actual positive impacts include cost savings, reduced resource dependency, and lower environmental impact through practices such as 100% reuse of treated wastewater and plastic-to-fuel conversion. Potential negative impacts from inadequate circular practices include higher operating costs, regulatory non-compliance, and reputational risk arising from inefficient waste management or excess use of virgin materials.

This topic was prioritised based on its relevance to both environmental impact and operational cost efficiency, and its growing importance to investors and regulators. We manage this through resource-efficient manufacturing, lean practices, segregation and authorised recycling of metal, oil, packaging, and e-waste, lifecycle thinking in product design, and monitoring systems with periodic audits to drive continuous improvement.

Human capital development

Human capital development was identified as a material topic reflecting its centrality to the Company's strategic transformation into a technology-driven, diversified energy solutions provider. The assessment highlighted that the ability to attract, develop, and retain skilled and engaged talent directly determines the pace and quality of this transformation. Actual positive impacts include improved productivity, leadership continuity, and innovation capacity through structured capability-building and succession planning, while potential negative impacts, such as high attrition, skills gaps, and inadequate employee wellbeing could constrain growth and increase costs.

This topic was prioritised as a strategic opportunity given its enabling role across business functions and its connection to human rights principles around fair employment, non-discrimination, and safe working conditions. We address this through integrated learning and development programmes, a formal succession-planning framework, diversity and inclusion policies, wellness and engagement initiatives, transparent communication, and robust grievance-redressal mechanisms.

Climate action

The materiality assessment reflected growing expectations of environmental responsibility and the increasing influence of climate-related regulatory and transition risks to our operations and product portfolio. Actual positive impacts include improved energy efficiency, reduced operational costs, and enhanced market competitiveness from the development of low-emission and fuel-agnostic products, including the installation of 8 MWp of captive solar capacity. Potential negative impacts include higher regulatory compliance costs, operational disruptions, and loss of market access arising from inadequate climate risk management or failure to transition to sustainable energy solutions.

This topic was prioritised based on its dual risk-and-opportunity nature, its strategic alignment with our energy transition roadmap, and its material influence on long-term financial performance and stakeholder confidence. The Company manages this through energy efficiency measures, renewable energy adoption, digital energy monitoring, emission-compliant product development, ESG governance reviews, and alignment of capital expenditure and R&D priorities with climate objectives.

Human rights

Human Rights was identified as a material topic due to our heightened focus on fair employment, non-discrimination, and dignity at work across our dispersed workforce and extended value chain. Actual positive impacts include deeper employee trust, an inclusive organisational culture, and our positioning as a responsible and preferred employer, while potential negative impacts, such as lapses in fair employment, harassment, or inadequate grievance mechanisms could result in litigation, regulatory penalties, and reputational harm.

This topic was prioritised as a risk given the scale and diversity of our workforce and contractor engagements, and its direct connection to legal compliance and stakeholder trust. We manage human rights impacts through a formal human rights policy, a code of conduct, a POSH framework, an independent ethics and whistle-blower channel, regular awareness and compliance training, and the extension of this culture suppliers and partners through ethical sourcing standards. Our 2X3Y strategy has secured a firm foundation of operational excellence and financial strength. Anchored by this success, we are now pursuing our near-term aspirations and embarking on our most ambitious journey yet.

Data Center expansion

Electrifying India's digital core

In FY 25-26, KOEL became crucial in India's explosive data center growth. As digital infrastructure demands absolute grid stability, KOEL provides highly reliable, mission-critical backup power engineered to completely eliminate the downtime.



One of the fastest-growing segments in the high horsepower space is the data center segment. This is a product that we can approach data center customers with.

— Gauri Kirloskar, Vice Chairperson & Managing Director

A strategic growth opportunity

To capture the hyperscaler demand, KOEL has aggressively prioritised its premium high-horsepower (HHP) platforms. Innovations like the Optiprime range deliver the highest power output per square metres, providing compact and scalable footprint optimisation for space-constrained, next-generation facilities.

108%

y-o-y volume Surge of KOEL's High Horsepower (HHP) engine segment

Scalable engineering excellence

KOEL's engineering prowess shines through the expansion of high-capacity projects. These heavy-duty, fuel-agnostic systems support massive data processing loads cleanly and efficiently while seamlessly integrating into India's transitioning digital infrastructure ecosystem.

Our sustained investments enabled the development of advanced engine platforms, emission-compliant and alternative fuel technologies, and intelligent digital systems. These investments ensure scalable innovation aligned with evolving demands.

Moving ahead

The massive infrastructure developments across India, particularly the rapid scaling of data center applications, are actively driving a structural shift towards larger nodes, visibly accelerating the demand for our premium, high-capacity power platforms.

While this hyperscaler segment currently represents an emerging portion of our overall mix, it is positioned to become far more significant going forward. Driven by our newly expanded product ranges, these deep-tech platforms will serve as a primary growth vector as we scale alongside the nation's digital core.

Launching our next orbit: The 2B2B vision

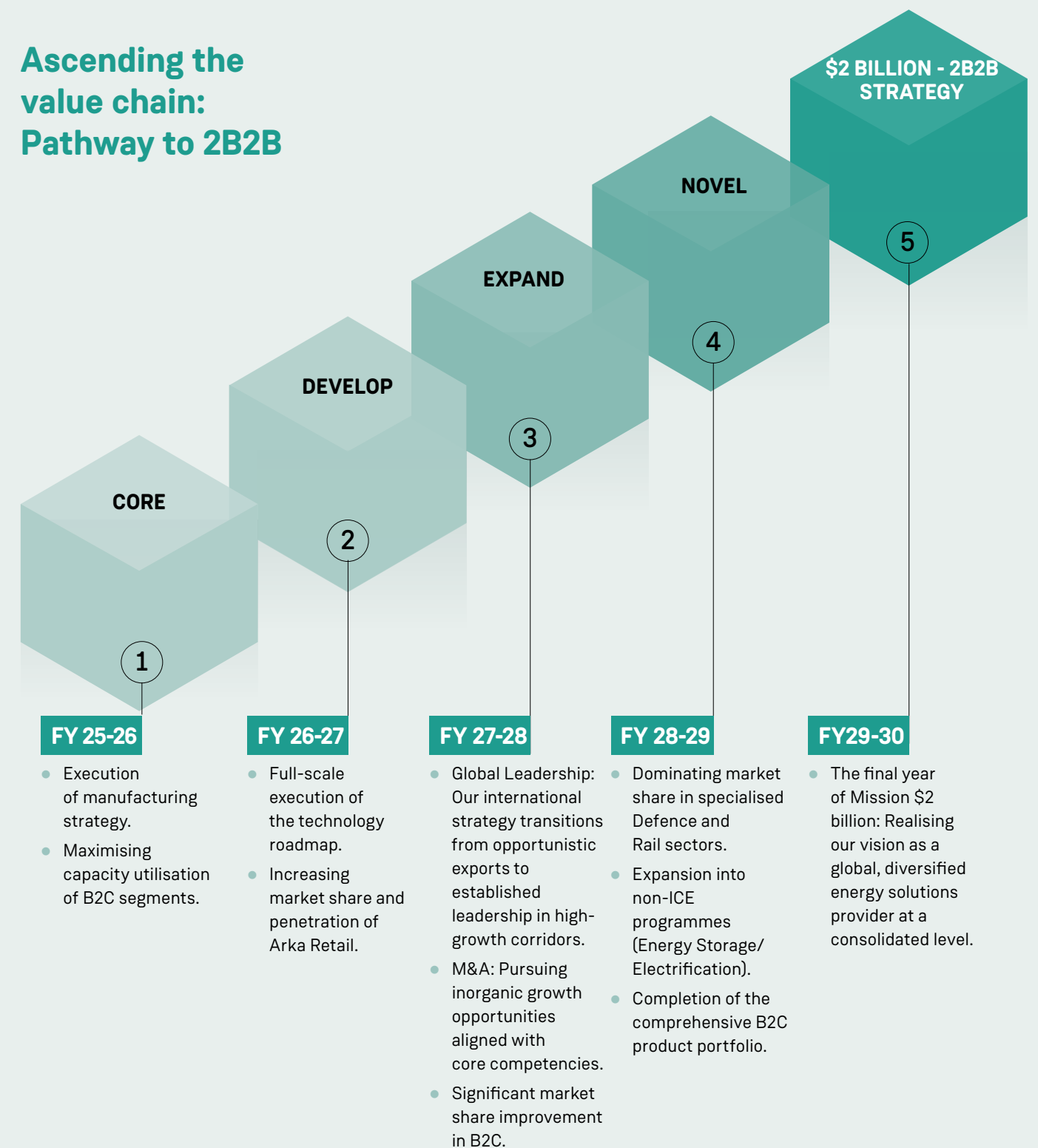
Firing the engine to drive our \$2 billion dream

Our 2X3Y strategy has secured a firm foundation of operational excellence and financial strength. Anchored by this success, we are now pursuing our near-term aspirations and embarking on our most ambitious journey yet.



In the beginning of FY 25-26, we codified our long-term aspiration into a clear North Star: Vision 2B2B. Our goal is to transform KOEL into a \$2 billion revenue company by FY 29-30. 2B2B is not just a revenue target, it is a portfolio transformation. This strategy signifies a profound shift from a purely linear growth mindset to a transformative approach, leveraging our engineering DNA to become a diversified, global energy solutions provider. This journey demands greater agility, deeper innovation, and a sharper focus as we expand to newer geographies and explore newer technologies.

Ascending the value chain: Pathway to 2B2B



OUR GOALS TO ACHIEVE THE 2B2B VISION



Grow



Innovate



Excel



Empower



Sustainable & Responsible

Grow

Securing financial returns, bringing lasting impacts

KOEL's growth objective is anchored in its 2B2B vision; to evolve from a traditional equipment manufacturer into a comprehensive solutions provider across the B2B ecosystem. Through our 2B2B vision, we deepen engagement across customer value chains, enabling higher value capture, scalable partnerships, and long-term growth that is margin-accretive and future-ready.



UN SDGs linkage



Material topic linkage

- Sustainable innovation
- Responsible supply chain



Leadership perspective

“Our 2B2B vision is about going beyond products to becoming an integral part of our customers' growth journeys. By deepening our engagement across the value chain and focusing on high-impact segments, we are building a more resilient, scalable, and profitable business. This transformation is not just strategic — it is fundamental to how we will create long-term value for all stakeholders.”

— Sachin Kejriwal, CFO

Key highlights*

25%

Top line growth

₹ 5,604 cr

FY 25-26 sales

₹ 737 cr

FY 25-26 EBITDA

₹ 552 cr

Strong net cash** position in FY 25-26

₹ 442 cr

FY 25-26 PAT

13.06%

FY 25-26 EBITDA margin

*Numbers reported are for continuing operations only and exclude exceptional items, wherever applicable

**Net of debt; includes treasury investments and excludes unclaimed dividends

Objective

The goal to 'Grow' is anchored in its 2B2B strategy and involves the evolution of a transaction-led equipment manufacturer into an ecosystem-led solutions provider for OEMs, EPCs, and institutional buyers as well as indirect customers across the value chains. This positions KOEL as a critical enabler of infrastructure, industrial, and energy solutions, targeting sustainable, margin-accretive growth with improved return ratios and enables deeper integration, higher value capture and long-term partnerships.

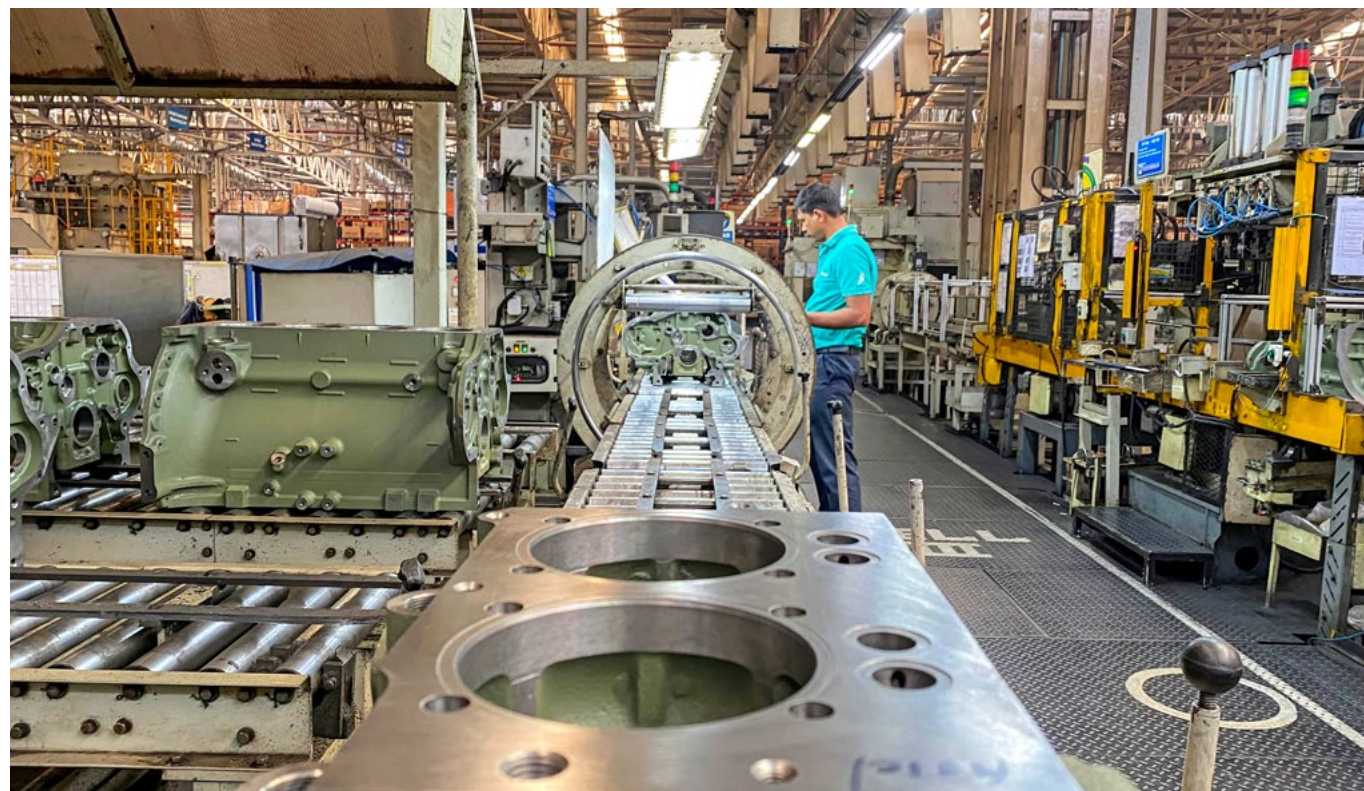
The core objective of the 2B2B strategy in the growth segment is to:

- Enhance value per customer through integrated offerings spanning products, services, and lifecycle solutions.
- Increase the share of high-margin B2B segments, including industrial, infrastructure, and exports.
- Build scalable partnerships with OEMs and global partnerships.
- Strengthen recurring revenue streams through aftermarket and service-led models.
- Drive premiumisation and technology-led differentiation.

Performance

During the year under review, KOEL made significant strides in advancing its 2B2B agenda. We expanded our high-horsepower genset portfolio to cater to the spiralling demand for infrastructure upgrade and data centers, while simultaneously scaling our industrial business across defence, marine, and specialised sector applications. OEM partnerships were strengthened, particularly in export markets, through structured, long-term business models, and the aftermarket and service business grew meaningfully by leveraging our large installed base.

On the product front, new platforms such as our flagship Optiprime series and our advanced alternative fuel engines are driving our sustainable energy transition. We have actively chosen to treat the global shift towards alternative energy as a strategic growth opportunity rather than a market risk.



CASE STUDY

Enabling data center growth through high-capacity power solutions

Context

India's rapidly expanding data center ecosystem requires uninterrupted, high-capacity backup power solutions, creating sustained demand for reliable, high-performance gensets.

KOEL's intervention

We leveraged our 2B2B strategy to position ourselves as a comprehensive solutions partner, rather than a conventional equipment supplier. We developed and deployed high-capacity HHP gensets tailored specifically for mission-critical applications, ensuring the reliability and performance standards demanded by data center operations. Working closely with EPC contractors and data center developers, we embedded ourselves into the customer's value chain, offering not just product supply but end-to-end solutions encompassing installation support, commissioning, and lifecycle services.

Outcome

KOEL secured large-value orders in the data center segment, establishing a meaningful presence in one of India's fastest-growing infrastructure verticals. We strengthened our positioning in a high-growth, premium market where reliability and technical capability command significant pricing power. Critically, the integrated solutions model enhanced customer stickiness, making KOEL a trusted, long-term partner rather than a transactional vendor.

Strategic impact

This initiative is a clear demonstration of the 2B2B model in action. By moving beyond product supply to become an integral part of the customer's infrastructure ecosystem, we captured higher value, deepened relationships, and built a scalable template for replication across other high-growth B2B verticals.

Our 2B2B vision is redefining our growth trajectory, shifting the Company towards high-value, technology-driven, and partnership-led growth. By aligning strategy, investments, and execution with this vision, KOEL is building a future-ready business that delivers consistent, high-quality earnings and long-term stakeholder value.

Internationally, we believe every market needs a different approach. Our go to market approach is tailored to suit the local market dynamics. In MENA the appointment of GOEM is shaping well and in America the work is ongoing with Wildcat technologies. These investments are aligned with building technology leadership and scalable growth platforms.

Outlook

As we advance our 2B2B vision, the Company's growth strategy is anchored in ecosystem-led partnerships, technology-driven premiumisation, and disciplined capital allocation. Strong Powergen volume growth, significant export expansion, and a robust industrial order book position KOEL to pursue its \$2 billion aspiration with confidence. With increasing aftermarket revenues enhancing cash flow stability, KOEL is building a future-ready, solutions-driven enterprise delivering consistent, high-quality earnings and long-term stakeholder value.

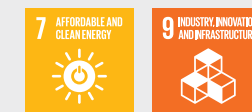
Innovate

Catering to evolving demands, readying for tomorrow

Innovation at Kirloskar Oil Engines Limited (KOEL) is central to our 2B2B vision of becoming a solutions-led, technology-driven partner across the industrial and energy ecosystem. Our agenda to innovate is focused on developing next-generation, application-specific, and future-ready technologies that address evolving customer needs across infrastructure, industrial, and energy transition segments. This approach enables us to move beyond standalone products towards integrated, high-value solutions embedded within the customer ecosystem.



UN SDGs linkage



Material topic linkage

- Stakeholder engagement
- Sustainable innovation



Leadership perspective

“Innovation at KOEL is not confined to product development—it is about anticipating the future needs of our customers and delivering integrated solutions that create measurable value. Through our 2B2B approach, we are embedding technology deeper into customer ecosystems, ensuring that our offerings remain relevant, resilient, and future-ready.”

— Rahul Sahai, CEO

Key highlights

16%

Increase in exports*

*Represents continuing operations only

Objective

Our goal to 'Innovate' is anchored in our 2B2B strategy, designed for evolution from a product-centric manufacturer into an innovation-led solutions partner. By developing differentiated high-performance technologies, we are positioning ourselves as a critical enabler of next-generation industrial, infrastructure, and energy solutions, targeting sustainable, premiumised growth with improved return ratios and long-term competitive relevance.)

The core objective of the innovation strategy within the 2B2B framework is to:

- Develop differentiated, high-performance products tailored to B2B applications.
- Lead the transition towards cleaner, efficient, and compliant technologies.

- Enhance value through system-level solutions (product + controls + service).
- Build scalable platforms across global markets and OEM partnerships.
- Future-proof the portfolio against regulatory and energy transition shifts.

Performance

We made significant strides in advancing our innovation agenda in FY 25-26. The high-horsepower product portfolio was expanded meaningfully to address the surge in data centers and infrastructure demand, while digital and intelligent control systems were strengthened across product lines. Meaningful progress was achieved in gas-based and alternate fuel platforms, and an increased focus on application-specific engineering solutions reinforced KOEL's positioning in high-barrier, premium segments.

CASE STUDY

Developing intelligent power solutions for data centers

Context

The rapid expansion of India's data center ecosystem has created demand for highly reliable, digitally integrated backup power systems with near zero downtime.

KOEL's intervention

To empower the accelerating digital economy, KOEL introduced the path-breaking Optiprime series, an intelligent, twin-hybrid power solution engineered specifically to meet the high-density, mission-critical demands of modern digital data centers. Addressing the massive data center boom, KOEL launched the patented, DCCP-certified Optiprime series. Featuring heavy-duty systems, this intelligent intervention delivers customised, mission-critical power for modern hyperscale requirements.

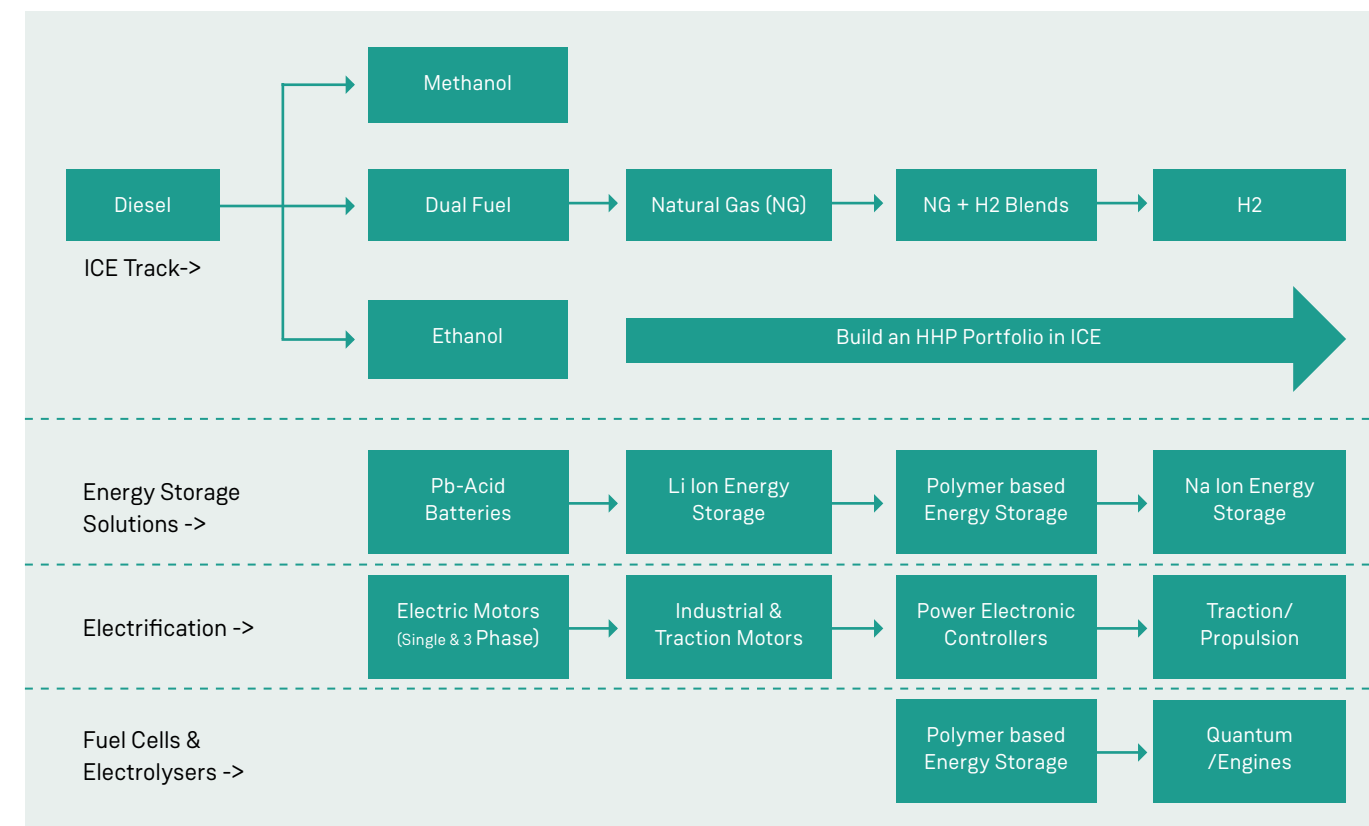
Outcome

By dynamically adapting to fluctuating loads, Optiprime eliminated conventional operational inefficiencies. This intelligent system delivered superior fuel economy, slashed operating expenditures, and minimised carbon footprints. Furthermore, its compact design maximised valuable facility space, while built-in dual-core redundancy guaranteed uninterrupted uptime, ensuring absolute operational reliability for modern critical digital infrastructure ecosystems.

Strategic impact

This landmark breakthrough cements KOEL's position as an innovation leader heading the next generation of intelligent power solutions for the global data center market. By seamlessly aligning patented technology with the rapid expansion of AI workloads and hyperscale facilities, KOEL successfully transcends traditional manufacturing boundaries. It establishes a highly scalable, environmentally sustainable, and high-security power paradigm for critical infrastructure, advancing corporate ESG goals while securing a dominant, future-ready footprint at the very core of the thriving modern global digital economy.

Our technology tracks



Innovation-focused investments

Innovation-focused investments remain central to our growth strategy, supporting the development of advanced engine platforms, emission-compliant and alternative fuel technologies, and intelligent digital systems. These investments enable scalable innovation, strengthen technological capabilities, and ensure readiness for evolving market requirements.

Partnerships and collaborations

- OEM partnerships for co-development and market access
- Defence collaborations for developing indigenous solutions

We are upgrading manufacturing capabilities by scaling HHP engine production lines and strengthening in-house expertise in precision engineering and advanced testing.

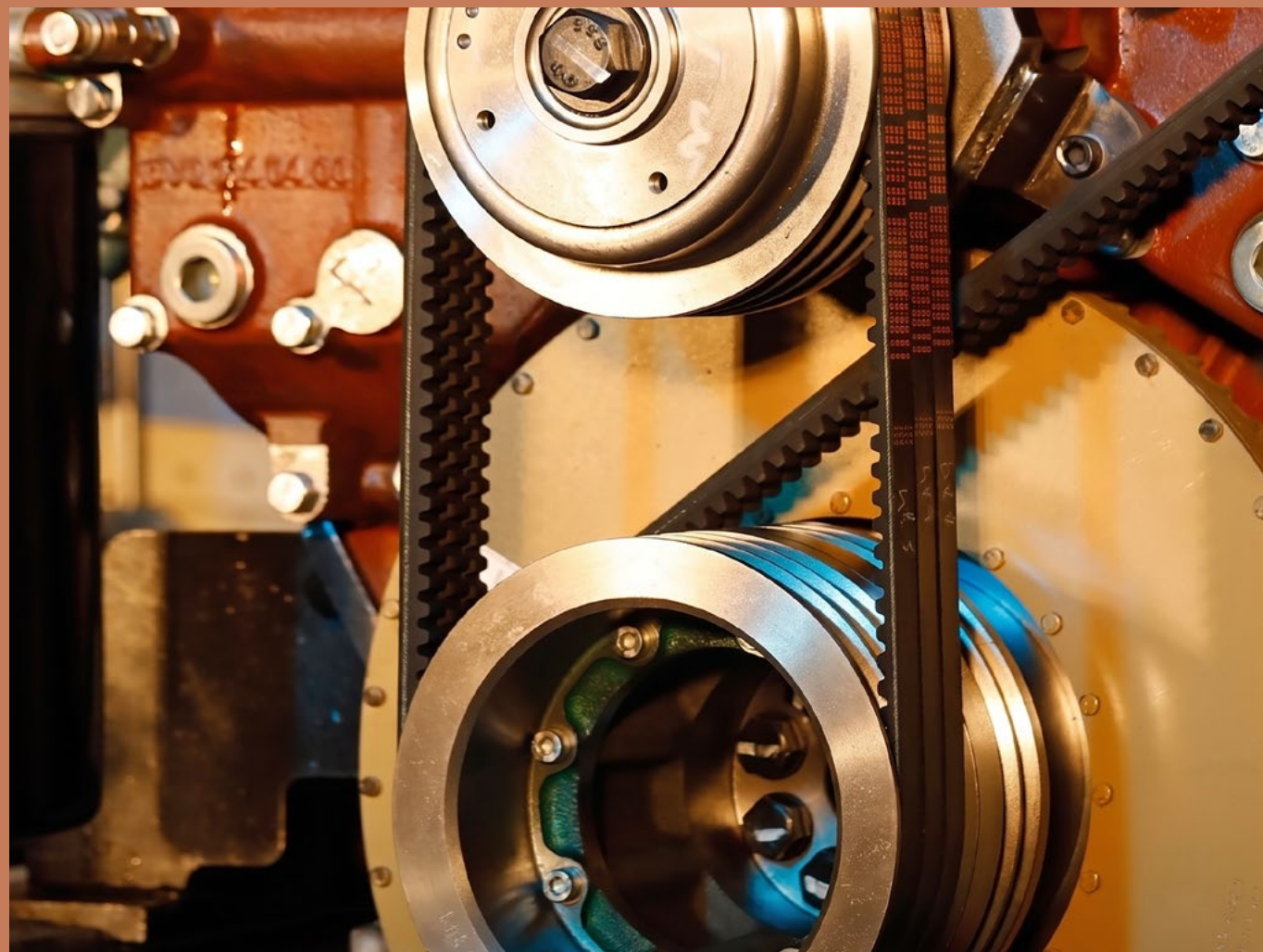
Outlook

As KOEL advances its innovation agenda, our technology strategy is anchored in emission-compliant excellence, alternative fuel readiness, intelligent solutions, and high-power platform leadership. A robust pipeline of products, compliant with the CPCB IV+ guidelines and designed to meet next-generation demands, coupled with investments in gas-based and hydrogen-ready platforms, positions us to lead the energy transition in its core markets. With deepening OEM partnerships, growing export momentum, and a strengthening digital capability, we are building a future-ready, innovation-led enterprise delivering consistent, differentiated value to all stakeholders.

Excel

Specialised strength in engineering

KOEL's relentless strive to 'Excel' runs through our operational discipline, innovation and commitment. By embedding methodologies, driving process improvement and advancing sustainable practices, we enhance product reliability, operational resilience and stakeholder value to be future-ready.



UN SDGs linkage



Material topic linkage

- Responsible supply chain
- Stakeholder engagement
- Product stewardship



Leadership perspective

“Excellence at KOEL is driven by our unflinching focus on quality and sustainable innovation. Through our zero-defect journey and progressive manufacturing initiatives, we are enhancing process capabilities, elevating product standards, and building a resilient foundation for long-term competitiveness and responsible growth.”

— Rahul Sahai, CEO

Key highlights

1M+

Gensets installed globally

2,400+

KPIs monitored across operations

Objective

Our aim for excellence is backed by our inherent drive to innovate, pursue knowledge-led growth and stay upgraded with future-ready technologies. By nurturing intellectual capital, encouraging cross-functional collaboration and advancing sustainable engineering solutions, the Company strengthens its technological leadership, business resilience and stakeholder value. These efforts reinforce the 2B2B vision, enabling continuous improvement, sustainable competitiveness and long-term value creation.

The core objective of the 'Excel' strategy within the 2B2B framework is to:

- Enhance KOEL's leadership in specialised engine manufacturing through innovation-led engineering and operational excellence.
- Strengthen self-reliance through indigenous technology development and deep application expertise across strategic sectors.

- Drive superior product quality and reliability through advanced quality management systems and continuous process improvement.
- Harness digital technologies and data-driven insights to improve agility, productivity and customer responsiveness.
- Create a scalable and resilient manufacturing ecosystem that supports sustainable value creation and future growth.

Performance

During the year, we advanced our business excellence journey by embedding robust quality frameworks and continuous improvement practices across operations. Our initiatives focused on driving zero-defect manufacturing, strengthening process stability, and fostering sustainable value creation through innovation-led collaboration across the supply chain.

Manufacturing facilities

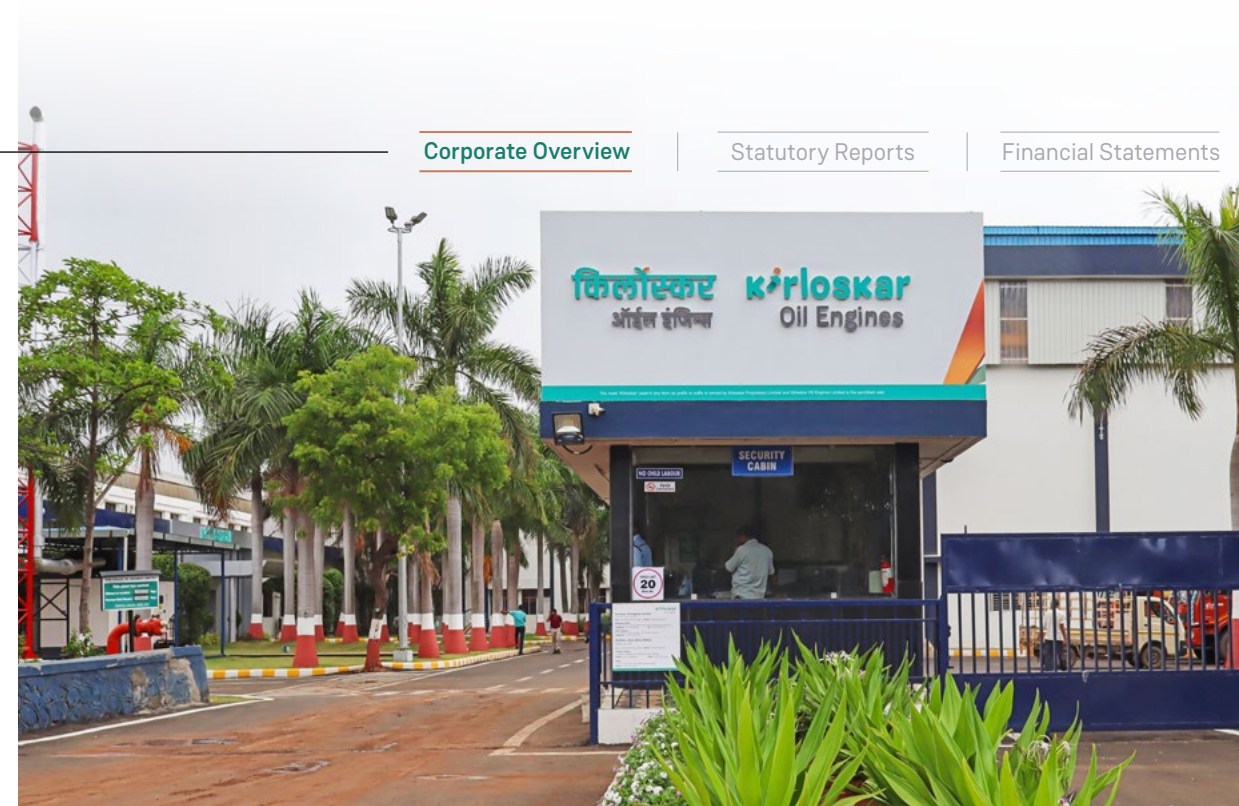
Kagal

Spread across 163 acres, Kagal stands as Kirloskar's flagship manufacturing location and a cornerstone of the Power & Energy segment, contributing nearly 70% of segment production. The facility brings together advanced digital and machining technologies with end-to-end capabilities across engine machining, assembly, and testing, enabling the manufacture of engines up to 2,100 hp. Its operational strength is reflected in and zero reportable accidents during the year, underscoring a strong culture of quality, safety and execution discipline.

The site also reflects leadership in sustainability, having been recognised with the Golden Peacock Award for Energy Efficiency for three consecutive years and operating as a carbon-neutral facility. With capacity for more than 1.3 million engine builds and proven capability across engine components, engine assembly, genset assembly, high horsepower lines, testing and segment-specific products, Kagal is a truly integrated manufacturing hub.

99.4% **Zero**

First-time pass rate Reportable accidents



Nashik

Spanning 40,000 sq ft of industrial space, the Nashik plant is a dedicated facility for the Company's large engine requirements, with a strong focus on Defence and Marine applications. The plant is equipped to manufacture engines of up to 11,000 bhp, supported by advanced testing infrastructure and robust project management capabilities to deliver complex and mission-critical applications with precision and reliability.

The facility's capabilities are further reflected in its long-standing manufacturing legacy, including 37 years of association with KOEL and SEMT Pielstick engine manufacturing. It is also NPCIL certified, making it a trusted supplier to the Nuclear Power Corporation of India, and has been recognised as the 'Most Energy Efficient Unit' by CII (Confederation of Indian Industry). With specialised capabilities in marine propulsion and captive power generation builds, the Nashik plant continues to play a vital role in strengthening the Company's presence in high-performance, specialised engine segments.

NPCIL certified

"Most Energy Efficient Unit" award

by CII

Bhare

The facility manufactures small-range gensets up to 10 kVA and power weeder engines, serving both B2B and B2C markets with reliable solutions that support agricultural productivity and diverse power needs.

Sanand (Subsidiary)

Spread across 6.1 acres, the facility is a digitalised, IT-integrated electric pump manufacturing plant compliant with IGBC standards. It produces a wide range of submersible and surface pumps, operates under ISO 9001:2015 certification and delivered ₹ 1.3 crores in cost savings during the year through manufacturing efficiency initiatives.

Rajkot

Built on an 80,000 sq ft site, the facility manufactures agricultural and small industrial engines up to 28 hp. Its portfolio includes power sprayers and petrol pump sets, supported by integrated assembly, testing, painting and packing facilities, with 100% engine testing and stringent quality controls.

Investments for expansion

Capital investment remains a core pillar of KOEL's growth segment, supporting expansion of high-horsepower engine manufacturing capacity, enhancement of specialised industrial application capabilities, and acceleration of technology development.

₹ 320 cr

Spent on capex in FY 25-26

KOEL announced capex investment in two phases to expand the manufacturing capacity for HHP engines and enhance capabilities for specialised industrial applications.

Kagal capacity expansion

To support rising demand and strengthen its manufacturing leadership, the Company has announced a phased expansion programme at the Kagal facility.

Phase 1

- Investment of ₹ 700 crores
- Addition of 50,000 engine capacity
- Expansion through enhanced and new production lines within the existing campus
- Expected to be operational by April 2027

Phase 2

- Investment of ₹ 1,400 crores over two years
- Addition of 20,000 capacity for high HP and specialised engines
- Development of a new manufacturing building at the Kagal site

These investments will significantly enhance production capabilities, strengthen the Company's presence in high-horsepower segments and create a scalable manufacturing platform to support long-term growth.

Research and Development

Over the years, our R&D and application engineering teams have helped us move beyond our traditional identity as a diesel engine and genset maker. Our in-house Corporate Research and Engineering function focuses on designing and developing engines for long-term market needs, regulatory changes and customer applications, while application engineering builds customised solutions for sectors such as construction, defence, marine, mining and firefighting.

This capability has allowed us to expand its engine range from 6.6-litre inline platforms to 24-litre V-12 engines, launch 180 bar peak cylinder pressure engines, develop 32 kVA/litre power-density technology, and create cleaner fuel options such as biogas, 100% biodiesel-compatible and natural gas engines.

The excellence also reflects in our new product portfolio: power generation solutions now span across standard gensets from 7.5 kVA to 3,000 kVA, including OptiPrime systems with patented hybrid technology and fuel-saving features, industrial engines cover 20 hp to 750 hp across more than 85+ applications, and the Company has expanded into farm mechanisation and water solutions, including power tillers, trailers and pumps.

We are transitioning from a diesel engine manufacturing company to a technological leader in power and energy systems. Taken together, these developments show that KOEL is no longer only making traditional generators and engines but building a broader platform of engineered solutions for power, agriculture and industrial applications.

Khadki - Research and Development Centre

Serving as KOEL's corporate headquarters, the facility houses the Company's R&D centre and high-horsepower (HHP) testing facility, driving innovation, technology development and advanced engine validation.

R&D investments

On the R&D side, we are focusing our efforts on four technology tracks as defined in our "Innovate" strategy. We have come a long way in developing HHP single engines platforms (Under the Track A) and alternate fuels technology (Under the Track B). Our investments are utilised for exploring avenues for hydrogen-ready and multi-fuel engines, while supporting continuous optimisation of fuel consumption and lifecycle costs.

Kirloskar Advanced Systems Pvt. Ltd. (KASPL), our subsidiary was incorporated in March 30th, 2026 to accelerate our work on the technology tracks.

₹ 116 cr

Total R&D expenditure in FY 25-26

Our R&D investments would contribute towards:

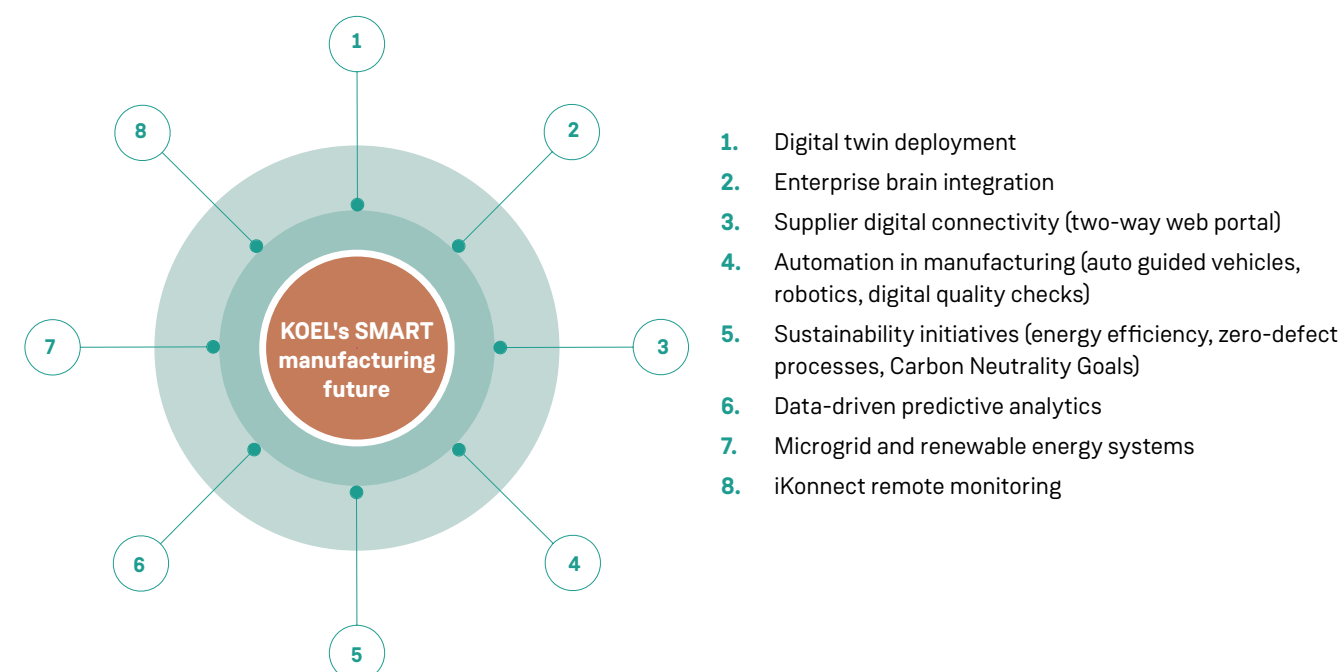
- Advanced engine platforms and emission technologies
- Alternative fuel development (gas, hydrogen-ready systems)
- Digital and intelligent control systems

Digitalisation and IT

KOEL continued to push for its digital transformation by strengthening connectivity and data-driven decision-making across the value chain. A key milestone was the progression towards horizontal integration of the supply ecosystem through the Two-Way Digital Connect portal, which links the Company's supplier network on a common platform enabling seamless information exchange, stronger collaboration and improved visibility.

KOEL's Data Cluster Programme provides suppliers with the access to performance dashboards and predictive analytics capabilities. The initiative enables monitoring of multiple operational KPIs while fostering a culture of data-driven decision-making across the supplier base.

These efforts support the Company's transition towards Industry 4.0, driving smarter manufacturing practices, real-time responsiveness, greater operational efficiency, and enhanced agility across the supply chain ecosystem.



Quality assurance

At KOEL, excellence is embedded in products, processes and people. In FY 25-26, we advanced our quality strategy based on five core pillars — People, Process, New Products, Data Analytics and Technology. This reinforces our commitment to deliver reliable, high performance solutions across industry, defence, marine and infrastructure sectors.

This year, a defining thrust was on transforming quality from a compliance function into a customer experience enabler. By building structured feedback loops across plants, OEM partners and field service networks, we systematically channelled real world performance data back into design and manufacturing, enabling faster resolution of field issues, smarter product decisions and a measurable improvement in customer satisfaction. This closed loop approach ensures that every insight from the field translates into a tangible quality enhancement at the source.

KOEL has also significantly expanded its use of data analytics and artificial intelligence; deploying these technologies across assembly lines, inspection checkpoints and supplier quality portals to achieve real time defect detection, predictive process control and smarter decision making at every stage of the value chain.

Reaffirming commitment to excel

During the year under review, KOEL intensified its focus on product quality through a combination of employee-led initiatives, advanced quality systems, and digital technologies. A total of 46 Quality Circle projects were undertaken across the GOEM units.

To improve product reliability and eliminate early-life failures, the Company revamped its Engine Quality Audit (EQA) process, putting them through extended endurance tests, followed by detailed teardown audits, enabling identification of latent defects and strengthening quality assurance across product platforms.

KOEL accelerated the adoption of Industry 4.0 quality practices through AI-driven computer vision and vision-recognition systems across assembly operations. These solutions automate defect detection, minimise human-error-related escapes and support near-zero-defect performance at critical control points. Complementing these efforts, the digitisation of BIS compliance tracking through a dedicated portal has enhanced visibility, accountability and real-time monitoring across the network.

Continuous improvement initiatives remained a key focus area, with 47 COPQ reduction projects helping lower the Cost of Poor Quality to 0.08% of sales, surpassing the Company's target. A dedicated Defective Part Analysis Centre (DPAC) was also used to strengthen field failure analysis, accelerate root-cause identification and improve corrective action effectiveness. The Company further reinforced quality governance through

The five pillars of quality strategy are:

People

Focussing on the talent and human capital driving quality

Process

Establishing standardised and efficient operational workflows

New Products

Ensuring quality standards are met in every new innovation

Data Analytics

Utilising data to gain insights and drive decision-making

Technology

Leveraging modern digital tools to enhance quality performance

structured feedback loops connecting manufacturing plants, OEM partners and field service teams, enabling faster issue resolution and continuous product enhancement.

Standardised quality frameworks for product development, along with ongoing certification renewals and quality assurance initiatives for strategic sectors such as defence and nuclear applications, strengthened compliance, reliability and customer confidence across the portfolio.

Vendor quality improvement measures

KOEL continued to strengthen quality standards across its supplier ecosystem through structured audits, capability-building initiatives and standardised quality frameworks. Process and product audits were conducted across the GOEM network to improve genset quality and ensure adherence to defined manufacturing standards.

27,000+

Data stories driving real-time business insights

900+

Active analytics power users across the organisation

The QUEST-G programme was extended to GOEM partners, promoting the adoption of standardised quality management practices and fostering a culture of continuous improvement across the supplier base. In a parallel, Assembly Quality System (AQS) audits were implemented at key industrial OEMs, with an eye on improving assembly discipline and build quality.

To drive greater consistency and traceability, the Company also standardised manufacturing processes and quality KPIs across plants and partner facilities, strengthening quality governance throughout the value chain.



Driving manufacturing excellence at the Kagal Plant

Our FY 25-26 record-breaking metrics at the Kagal plant showcase our commitment to operational excellence, embedding strict quality benchmarks into every manufacturing process to deliver unparalleled customer satisfaction. We have achieved exceptional process quality index, reflecting exceptional manufacturing control and process stability.

841 PPM

All-time low defect rate
(Target: 1,000)

98.1%

Straight pass rate
(Three customers at 100%)

0.08%

Critical to Quality parameters
as a percentage of sales (vs 0.1% target)

185 CTQs

>1.67 process capacity index

95.6%

Process Quality Index
achieved across Critical to Quality parameters

Supply chain

At KOEL, we recognise that a resilient and agile supply chain is critical to sustaining operational excellence and delivering value to customers. Our focus remains on building a digitally integrated ecosystem aligned with agility, responsiveness, quality, delivery and cost competitiveness.

During FY 25-26, we strengthened supplier collaboration by involving suppliers early in the development process for our HHP portfolio, enabling the delivery of optimal-cost, high-technology products. We also initiated onboarding of suppliers for defence projects, supporting product development requirements of up to 10 MW.



16-32%

Total amount of input material directly sourced from MSMEs/ small producers as a % of total amount of purchases in FY 24-25

Value Analysis and Value Engineering (VA/VE) initiatives remained a key focus area through the year. Cross-functional teams executed multiple projects across existing portfolios and new platforms, delivering record cost savings. Development of the new GK series platform further addressed market demand for high-performance, cost-effective products with superior fuel economy and oil consumption.

Aligning with SEBI's evolving value chain disclosures: Building data resilience for future compliance

This Value Chain Report outlines our performance against the SEBI BRSR Core framework. In alignment with SEBI's March 2025 circular, which deferred mandatory value chain assurance by one year, we are voluntarily tracking various ESG matrices for partners contributing 2% or more to purchases/sales, aiming for 75% cumulative coverage.

We are actively using this transition period to strengthen ESG due diligence and improve supplier-level data quality. By collaborating closely with our partners, we aim to mitigate supply chain risks, ensure seamless regulatory preparedness, and drive collective sustainable growth.

KOEL integrates responsible supply chain practices through structured procurement governance, ethical sourcing standards and supplier engagement. Risk-based evaluations, periodic audits and performance monitoring help identify and mitigate operational and ESG-related risks across the supplier base.

We continue to strengthen the supply chain resilience through supplier development, localisation initiatives and long-term partnerships, supported by data-driven monitoring and continuous engagement to improve sourcing efficiency, transparency and business continuity.

KOEL's first-ever EHS & ESG contest

Cultivating a responsible supply chain ecosystem

We concluded our first-ever Environment, Health and Safety (EHS) and ESG Contest for our supply chain ecosystem. The initiative showcased a deep integration of ESG standards across the value chain, shifting the focus from basic operational compliance to groundbreaking safety protocols and creative sustainability innovations.

22

Case study presentations delivered by KOEL's supplier partners



The participation from our supplier partners shows how businesses are actively embedding responsible, future-proof practices into their core operations. The event was championed by the leadership team and successfully executed by the KOEL SCM team, the event utilised a professional jury consisting of senior members from KOEL to evaluate the high-calibre initiatives. This collaborative effort underscores KOEL's philosophy of sustainable and inclusive growth, working directly with partners to cultivate a more resilient, responsible, and unified supply chain ecosystem.

Outlook

As KOEL advances towards the 2B2B vision, the 'Excel' agenda will pivot from building quality foundations to scaling them — extending AI-driven manufacturing intelligence, zero-defect disciplines, and Industry 4.0 practices across the GOEM and supplier network, while investing in expanded HHP capacity at Kagal and Nashik to support growing demand from defence, marine, and nuclear customers.

R&D investments will prioritise alternate-fuel readiness and LCA-informed product development, anchored by the GK series platform, ensuring that as KOEL's product portfolio grows in complexity and specialisation, its engineering and manufacturing capabilities grow with equal ambition.

Empower

Grooming talent, nurturing progress

KOEL's long-term growth ambition, technological leadership and operational excellence depend significantly on the skill, engagement and well-being of its workforce across manufacturing plants, R&D centres, service networks and corporate functions. At KOEL, a strong and efficient human capital improves productivity and innovation. As part of its blueprint for manpower resources, the Company stresses on employee retention and leadership continuity.



UN SDG linkages



Material topic linkage

- Occupational health and safety
- Human capital development
- Human rights
- Stakeholder engagement



Leadership perspective

“At KOEL, we believe sustainable growth is built on empowered people. As we navigate a rapidly evolving business landscape, our focus remains on creating opportunities for learning, fostering innovation and enabling every employee to contribute meaningfully to our collective success. By strengthening capabilities, embracing new ways of working and nurturing a culture of collaboration, we are building a future-ready organisation equipped to deliver long-term value.”

— Kiran Bhagnure-Khapre, CHRO

Key highlights

2,298

Permanent employees on payroll

100%

Return to work rate for all permanent employees and workers

91%

Share of employees (other than BoD and KMPs) who have completed Code of Conduct and POSH awareness programmes

1,994

Training programmes conducted

100%

Workers trained on health and safety measures

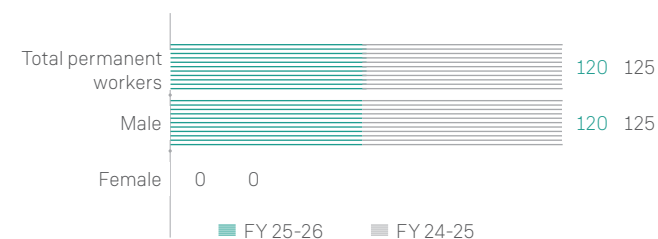
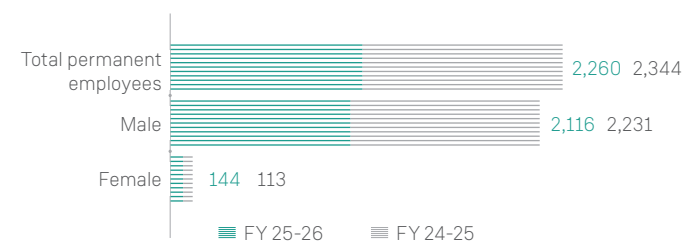
Objective

The strategy to 'Empower' is anchored in our commitment to corporate integrity and involves the transformation of a compliance-led framework into an ecosystem-led culture of shared accountability for our workforce, operations, and partners. This positions KOEL as a critical enabler of trusted, responsible business practices aimed at workplace equity with robust governance frameworks. This also fosters deeper trust, higher ethical standards, and long-term organisational resilience. In line with this, we rolled out an updated sensitisation programme, covering diversity, human rights, substance abuse laws, insider trading, data protection, workplace ethics, POSH, and non-retaliation.

The core objectives of the 'Empower' strategy within the 2B2B framework are the following:

- To attract, retain and develop a future-ready workforce through talent acquisition, capability building and meaningful career growth opportunities.
- Strengthen leadership depth and minimise business continuity risks by proactively mapping pipelines.
- Transition capability building from passive content consumption to community-driven social learning models.
- Enhance workplace well-being through institutionalised physical, clinical, and mental health initiatives.

Workforce demographics: By gender and contract type



Performance

During the year, we enhanced our organisational frameworks by stepping up our digitisation and localisation efforts. Across the enterprise, our HR initiatives focused on strengthening our ethical foundation, identifying future leaders, and cultivating continuous, community-driven learning towards sustainable progress.

Talent management

People form the core of our business with their capabilities, passion and commitment. To nurture this collective strength, our talent management strategy is guided by a clear, three-part framework.

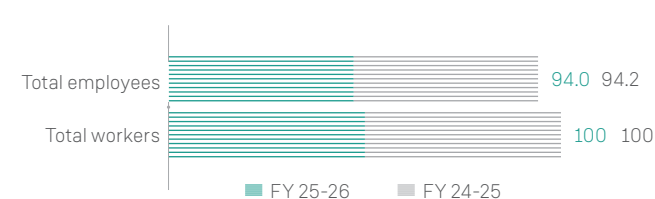
Attract

We continued to strengthen our future talent pipeline through campus hiring and internship programmes across key functions. By identifying high-potential talent early and transitioning top performers into permanent roles, we support our long-term growth and capability-building efforts. In line with this, we completed a comprehensive High-Potential (HiPo) talent assessment this year to systematically identify and nurture future organisational leaders.

Retain

We strengthened employee retention through competitive rewards, career mobility opportunities, flexible work learning interventions and recognition programmes.

Performance and career development reviews (%)



100%

Retention rate across gender for employees and workers

Nurture

We foster employee growth through internal mobility and cross-functional opportunities. We also strengthened our capabilities across key teams through targeted development programmes focused on building technical and leadership skills. We also democratised learning by providing learning platforms which enabled employees to learn various skills at their own pace and as per their interest.

Learning, development and succession planning

Focused investments in skill development, inclusive practices, employee well-being, and structured succession planning enable KOEL to build a future-ready workforce aligned with our long-term growth ambitions and evolving business needs.

₹ 1.6 cr

Investment in learning and development

Financial commitments to workforce infrastructure

We have allocated ₹ 23.36 crores for upgrading comprehensive welfare programmes and supporting digitised learning networks.

This year marked a strategic pivot towards 'social learning' and leadership-led knowledge sharing. Through structured learning and development programmes, targeted capability-building interventions, and robust leadership development initiatives, we continue to support continuous upskilling across functions.

Digital learning expansion

The organisation-wide launch of LinkedIn learning platforms, democratising access to world-class professional development.

1,950

Participants

Learning communities

The creation of specialised, domain-specific learning communities within individual Business Units (BUs) to foster peer-driven, collaborative knowledge exchange.

1,256

Participants

Tech hour forums

Monthly knowledge-sharing sessions led by senior leaders covering specialised products and internal processes, successfully engaging an average of 300 employees per session.

~300

Employees per session

8

Completed Tech Hour sessions conducted during the year



Front Line Development Programme (FLDP)

To support KOEL's market expansion and our increasingly technical product pipeline, we launched the Front Line Development Programme (FLDP) across all business segments. This year-long capability-building initiative equips our sales workforce with advanced product knowledge, project management skills, stakeholder engagement strategies, and sharpened commercial acumen. By fostering both technical proficiency and professional confidence, the FLDP empowers our teams to act as strategic partners to our customers, consistently delivering solutions tailored to end-user needs.

CASE STUDY

Culture of active listening

To ensure a workplace that genuinely hears and evolves, we conducted a comprehensive employee engagement survey this year. This data-driven diagnostic tool allows us to evaluate the health of our organisation, identifying key areas of strength and opportunity. We implemented data-driven diagnostic tools to measure organisational sentiment and health across the workforce.

KOEL's intervention

Conducting a comprehensive survey with data granulated directly at the Business Unit (BU) level to ensure precise, localised relevance.

Data-led insights

Survey results have been granulated at the Business Unit (BU) level to ensure precise, localised relevance.

Responsive action planning

Responding directly to the employee voices and feedback received, respective BUs have commenced tailored action planning to drive continuous evolution.

Outcome

Immediate commencement of customised action planning at respective BU levels driven directly by worker voices and feedback.

62%

Platform activation rate achieved across the organisation through the learning communities initiative

Strategic impact

Fostering a corporate culture of active listening, horizontal accountability, and continuous evolution.

KOEL has devised a formal succession planning framework to identify and develop internal talent for leadership and critical roles, ensuring continuity and long-term organisational stability. As part of this strategy, we completed readiness evaluations for the first two layers of Company leadership to systematically map our succession pipeline, allowing us to target and bridge key competency gaps.

Katalyst and Ascent programmes

Katalyst and Ascent are specialised upskilling programmes developed with the Kirloskar Institute of Management (KIM) to strengthen the managerial, leadership and business capabilities of KOEL's service engineers and manufacturing workforce, creating a future-ready talent pipeline.

“The hardest part of going back to study wasn't the exams — it was feeling like I belonged in a classroom again after 15 years on the shop floor. The KIM faculty treated us like future leaders who happened to speak the language of machines. Receiving the post-graduate certificate in management didn't feel like a finish line; it felt like a new starting point.”

— A manufacturing workforce employee,
KOEL Kagal Plant

Diversity and inclusion

At KOEL, Diversity and inclusion are pursued through equal opportunity policies, inclusive hiring practices and focused efforts to improve diversity across levels.

To ensure fairness and equal treatment throughout our hiring processes, we formalised our approach by implementing an Equal Employment Opportunity (EEO) policy. We have focused strategic efforts on increasing female representation within senior and mid-management tiers, alongside campus recruitment drives specifically designed to welcome more women into early-career positions.

Limitless Labs

Believing that diversity sparks fresh perspectives and innovative solutions, we encourage employees from all areas of the organisation to join ideation workshops through our Limitless Labs initiative. These collaborative sessions are designed to capture, evaluate, and implement internal suggestions to boost productivity, reduce costs, and refine business processes.

“When I joined KOEL's R&D team seven years ago, I was one of only two women in a department of 40. I learned to make my own space — by asking questions, solving problems and letting my work speak for itself. Today, I lead a sub-team working on alternate fuel combustion and contribute to innovations that shape the future of our industry. The biggest change I've seen isn't just in the numbers. It's in the conversations. People don't explain things to me anymore. They ask me.”

— A woman engineer, KOEL R&D Team

Ensuring a better and healthier life

At KOEL, employee well-being extends beyond the workplace to support a healthier, more secure and balanced life. We provide comprehensive health and accident insurance coverage across our workforce, ensuring employees and their families have access to financial protection and quality healthcare.

850+

Shop floor employees benefitting from upgraded comprehensive insurance policies and expanded healthcare options

Our family-friendly benefits, including maternity and paternity support and access to day care facilities, help employees navigate important life stages while maintaining work-life integration. Complemented by a range of employee welfare programmes, these initiatives reflect our commitment to fostering a caring, inclusive and supportive environment where our people can thrive both personally and professionally.

Key initiatives in FY 25-26

Family Day Flagship

We host a biennial family event to give the families of our employees a chance to experience the Company culture. It helps strengthen emotional bonds with the extended Kirloskar Parivaar.

“My husband has worked at the Kagal plant for 11 years. I know of the plant from his stories, but I have never seen it. The Family Day changed that. My daughter, who is nine, walked through the same gate her father crosses every morning. On the drive home she said, very seriously: ‘Papa's work is important.’ I think that was the point all along.”

— Spouse of a KOEL employee

Sports and fitness

Organisation of inter-departmental sports tournaments to encourage cross-functional collaboration and mental wellness. Yoga and mindfulness sessions are organised to encourage physical health, mental resilience and overall employee well-being.

Executive health check-up programme

We partnered with TruWorth to host an annual check-up camp for Senior GMs and above, and organise biennial check-ups for Executives aged 40 and above up to the GM rank through app-based booking.

120

Employees covered under health insurance / executive health check-up programme

Investing in our people for employee welfare and healthcare

Shop floor insurance overhaul

Strategic capital deployment utilised to significantly upgrade insurance coverage for over 850 shopfloor employees.

Expanded health cover benefits

Financing two critical healthcare additions—voluntary OPD options alongside advanced treatments, and integrated mental health benefits.

Occupational health and safety

At KOEL, employee health and safety are integral to operational excellence. We maintain a robust safety management framework focused on risk prevention, compliance and continuous improvement. Regular safety training, hazard identification and risk assessments, safety audits, and emergency preparedness programmes help strengthen our safety culture across operations.

Key measures include:

- Hazard Identification and Risk Assessment (HIRA) and Job Safety Analysis (JSA)
- Periodic internal and external safety audits and inspections
- Lockout/Tagout (LOTO) procedures and Work Permit Systems for high-risk activities
- Hazard and Operability Studies (HAZOP) for critical processes
- Provision of appropriate Personal Protective Equipment (PPE)
- Application of the hierarchy of controls to eliminate or minimise workplace hazards

Zero

Complaints on working conditions and health and safety

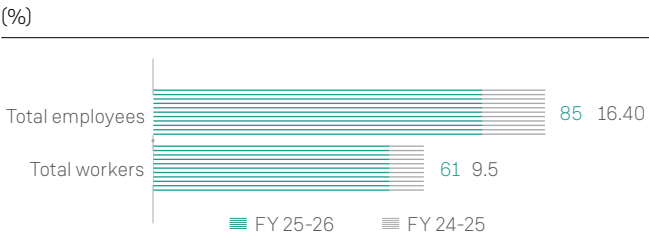
Safety snapshot

Safety incident/number	Category	FY 25-26	FY 24-25
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
Number of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

Human rights

KOEL's long-term sustainability and reputation are inherently linked to its ability to uphold and promote human rights across its workforce, operations and value chain. Given our geographically dispersed workforce, engagement of contract labour, and extended supplier network, maintaining a respectful, non-discriminatory and equitable workplace is critical. While unaddressed human rights issues expose the Company to reputational, legal and operational risks, proactive strengthening of these practices allows us to deepen employee trust, enhance organisational culture, and reinforce KOEL's position as a responsible employer of choice.

Training on human rights issues and policies



Zero

Cases of harassment and discrimination at workplace

CASE STUDY

Wage agreement with the union: Nashik Plant

KOEL's Nashik Plant required a stable industrial relations framework to support uninterrupted manufacturing and long-term operational continuity, particularly for its HHP engine business serving nuclear, defence and marine markets.

KOEL's intervention

We signed a three-year wage agreement with the union at our Nashik Plant, effective April 1st, 2026, reinforcing trust, employee welfare and a collaborative labour environment while maintaining fiscal discipline.

Outcome

The agreement secures harmonious industrial relations, supports zero disruption to plant operations and creates a balanced foundation for employee growth and business stability. It strengthens mutual confidence between the management and employees while ensuring operational continuity.

Strategic impact

This agreement goes beyond wage settlement. It reflects KOEL's commitment to constructive employee relations, disciplined yet progressive workforce management and sustainable manufacturing excellence. By aligning employee aspirations with business priorities, we have created a win-win model that protects operational stability, enhances workforce engagement and supports the long-term growth of our Nashik Manufacturing Facility in critical strategic markets.

Outlook

We are building an organisation that can execute on the 2B2B vision which requires deliberate investment in people. This includes deepening technical competencies in engineering specialisations and scaling our always-on social learning culture beyond training events into continuous peer-driven knowledge exchange.

This also involves extending succession planning beyond the first two leadership layers to all critical roles across plants and business units, as well as strengthening harmonious industrial relations, well-being infrastructure, and D&I practices across a growing and increasingly diverse workforce—so that as KOEL scales, every employee has a meaningful stake in what we are building.

Sustainable and responsible

Creating value for people and planet

KOEL built its resilience on its environmental footprint and aligned it with its core partnerships of shared goals. At KOEL, we treat sustainability and CSR as strategic imperatives to minimise the impact on environment from industrial growth. By investing in sustainable livelihood, ensuring product reliability, and collaborating openly with communities, customers, and investors, we effectively mitigate transition risks while building a thriving ecosystem of shared value.



UN SDG linkages



Leadership perspective

“At KOEL, corporate sustainability is rooted in a balanced approach that serves both the planet and the society. Our engineering methodology integrates core environmental disciplines — specifically emission reduction, waste recycling, and water conservation — with structured community development frameworks. This dual focus ensures that our power infrastructure solutions not only mitigate environmental impact and support biodiversity, but also actively generate shared value and foster inclusive growth among the communities we serve.”

— Mr. Sachin Kejriwal, CFO

Key highlights

14.28%

Reduction in total Scope 1 + 2 emission intensity in terms of physical output

51%

Renewable electricity share

3.80%

Reduction in total water withdrawal

100%

Wastewater reused within facilities

1,74,839

CSR beneficiaries

Objective

Our commitment to long-term value within the 2B2B framework is anchored in embedding sustainability, fostering knowledge-led growth, and adopting future-ready, eco-efficient technologies. We treat sustainable innovation as a strategic asset, using in-house R&D, fuel-agnostic platforms, and circular economy principles to transition towards broader energy solutions while securing operational and resource resilience.

Concurrently, through rigorous governance, strategic partnerships, and continuous dialogue, we proactively uplift communities across rural development, livelihoods, health, and education. By nurturing intellectual and social capital, the Company strengthens its ESG leadership and stakeholder trust, ensuring sustainable competitiveness and enduring generational value.

- Accelerate the transition to fuel-agnostic, LPG, and ethanol platforms to ensure strict compliance with CPCB IV+ and BS V emission norms.
- Mitigate grid and tariff vulnerabilities by expanding captive renewable footprints like solar and biomass while utilising smart IoT-enabled energy monitoring.
- Reduce waste intensity across the value chain by maximising recycling rates and diverting hazardous materials away from landfills.
- Lower physical water and energy consumption per engine produced through real-time tracking, process optimisation, and waste-heat recovery.
- Actively reduce Scope 3 value chain emissions while maintaining strict resource control to balance environmental stewardship with high topline growth.
- Champion collaborative models like the Kagal urban waste transformation to drive source segregation, eliminate landfill dependency, and expand green institutional awareness.
- Enhance economic self-reliance through women-centric vocational skill training, SHG development, and vital watershed infrastructure projects to secure long-term agricultural resilience.
- Empower young learners across local communities by funding inclusive lifeskill counselling, gender equality training, and creative development programmes through initiatives like the Sakav project.
- Improve community well-being by providing targeted medical check-ups, early pre-cancer screenings, and HPV vaccination drives for vulnerable and marginalised groups.

Performance

Environmental Stewardship

Across its value chain, KOEL's manufacturing operations rely heavily on energy, water, materials, and packaging. As the Company shifts from diesel-centric products towards broader energy solutions, ongoing innovation is key to staying compliant, competitive, and future-proof. KOEL treats sustainable innovation as a strategic asset, driving it through in-house R&D, fuel-agnostic platforms, and energy-efficient designs. Amid rising pressure for responsible resource management, integrating circular economy principles is critical to securing operational resilience and sustainability.

Climate action and energy conservation

To reduce our operational carbon footprint and optimise resource consumption, we expanded our captive and third-party renewable energy sourcing, deployed digital energy monitoring systems, optimised manufacturing processes, and utilised energy-efficient equipment across locations.

4.9%

Annual reduction in energy intensity per rupee of turnover (GJ/million rupees)

Energy intensity per rupee of turnover of production decreased to 1.6%, driven by investments in energy-efficient technologies, process optimisation and so on. We have implemented diverse renewable energy solutions across its facilities:

- Captive solar power plant: 8.18 MWp
- Micro wind turbines: 30 kWp
- Solar battery charging station: 15 kWp
- Solar steam generator (Parabola): 350 kg/day
- Biogas and generator: 300 kg/day and 12 kVA
- Solar pumping system: 15 kW
- Solar streetlights: 400 units.
- Solar hot water generator: 1,500 L/day

Scope 1 emissions

Includes adoption of waste heat recovery from flue gas during engine testing. The same heat is reused at various applications to reduce resource consumption. We also adopt HVAC system with HFC and CFC free refrigerants.

Scope 2 emissions

We have substituted conventional energy with renewable energy wherever feasible and to a larger extent. We consumed 44,882 GJ energy from renewable sources.

Scope 1 and 2 emissions increased (Scope 1 GHG emissions stood at 9,269 tCO₂e and Scope 2 reached 13,632 tCO₂e) due to a strategic reduction (from 55,037.67 GJ to 44,882 GJ) in open-access renewable energy procurement, driven by prohibitive commercial tariffs and unfavourable regulatory pricing during the last fiscal year. To maintain cost competitiveness, the Company optimised its power mix, resulting in a temporary increase in grid-dependency and localised generation, which consequently raised our overall emissions intensity. It was a modest rise though, given the Company's 25% growth in topline.

Emissions performance at KOEL

Category	Performance	FY 25-26	FY 24-25
Total Scope 1 emissions (metric tonnes of CO ₂ equivalent)	25.02%	9,269	7,414
Total Scope 2 emissions (metric tonnes of CO ₂ equivalent)	30.04%	13,632	10,483
Total Scope 1 and Scope 2 emission intensity by turnover (metric tonnes of CO ₂ equivalent/million rupees)	8.50%	3.83	3.53

Scope 3 emissions

Company-owned transport and public transport are prioritised for employee and business commutation.

Total Scope 3 emissions (metric tonnes of CO ₂ equivalent)	24.20%	171,501	2,26,242
Total Scope 3 emission intensity by turnover (metric tonnes of CO ₂ equivalent/ million rupees)	35.53%	28.75	44.60



Smart energy monitoring

We have firmed up monitoring by deploying IoT-enabled systems, energy-efficient compressors and SCADA-based solutions to enhance our ability to forecast, schedule, and regulate energy production while supporting fault detection and preventive maintenance activities.

Compliance-driven engineering

To significantly reduce emissions during use, we integrated climate considerations into our product design through fuel-agnostic and alternative-fuel engines and gensets compliant with CPCB IV+ and BS V standards.

Due to the strict mandate, lower particulate matter, and NOx emissions for diesel gensets up to 800 kW, it has accelerated our transition towards advanced technologies like CRDI systems, after-treatment solutions, and dual-fuel configurations.

Energy transition market readiness

Showing a strong commitment to responsible energy consumption, the Company balances strict regulatory compliance with resource optimisation across its product portfolio. By developing electronically controlled engines, integrating advanced after-treatment systems, and deploying emission-compliant technologies, we continuously minimises operational fuel consumption and lifecycle costs. We have proven our market readiness for the clean energy transition by commercialising alternative fuel solutions, including LPG-powered gensets for retail use and ethanol-based variants for the telecom sector, ensuring eco-efficient performance across our entire footprint.

Driving circularity: LCA and waste stewardship

Following our FY 24-25 Life Cycle Assessment on our highest-volume engine platform, KOEL actively drives circularity through two key waste initiatives. First, the Kirloskar Nulife programme remanufactures field-returned engines to strict quality standards, extending lifespans and supporting customer carbon reduction. Second, the Company relies on recyclable packaging and metallic skids, whilst fully complying with Extended Producer Responsibility (EPR) targets for plastic packaging and battery waste management.

Water management

KOEL has implemented a real-time water monitoring system featuring multiple water flow meters and live tank level sensors to track consumption across multiple sources. Centralised oversight through Bullfro Water Management Solutions ensures 24X7 visibility, while in-house weather stations and piezometers enable efficient management of rainwater harvesting and groundwater levels. Additional conservation measures include the use of dry cutting machines in machining processes, reuse of air conditioning condensate for coolant preparation and installation of smart urinal O-rings to lower freshwater demand.

18.21%

Reduced water intensity
from 41.89 kL to 34.26
kL/million rupees

2,04,363 kL

Total volume of water
withdrawal

2 kLD

Wastewater treated daily
by the 100 LPH Electric
Evaporator at Nashik ETP

At KOEL, 100% of the treated wastewater is reused across manufacturing locations for processes such as flushing and irrigation, reducing freshwater withdrawal to support circular economy. We have deployed a 100-LPH Electric Evaporator in the Effluent Treatment Plant at its Nashik facility, treating 2 kilolitres of wastewater daily. It lowered our water intensity from 865.55 kL/million rupees adjusted to PPP to 696.91 kL/million rupees adjusted to PPP.

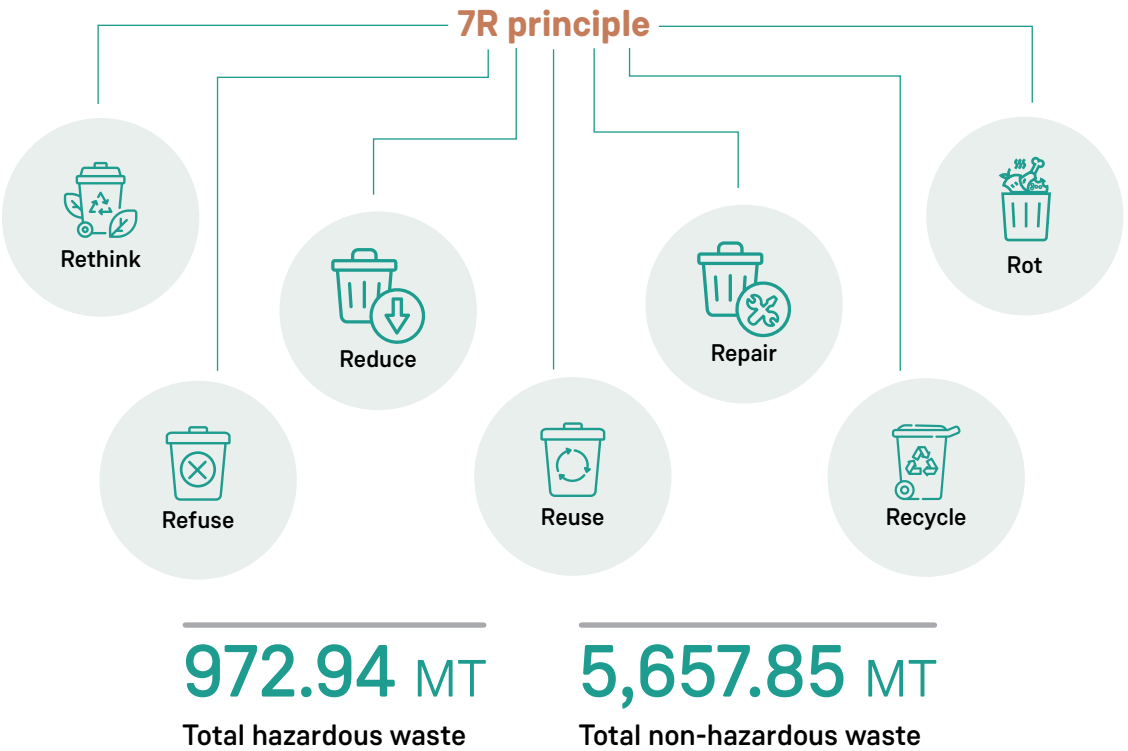
We are transitioning from solvent-based to water-based paints to lower VOC emissions and minimise paint waste toxicity, while lean manufacturing reduces raw material, water, and energy consumption at source.

Snapshot

Category	Performance	FY 25-26	FY 24-25
Total volume of water withdrawal (in kilolitres)	3.84%	2,04,362	2,12,521
Water intensity per rupee of turnover (Total Water consumption / Revenue from operations) in kL/ million rupees	18.21 %	34.26	41.89
Water intensity in terms of physical output in kL/ million rupees	36.22%	1.62	2.54

Waste management

We believe that effective waste management improves environmental outcomes as well as operational and financial performance. Our multi-faceted approach focuses on proactive waste reduction at every stage of our operations. Although the overall waste increased, we achieved a meaningful annual decrease in waste intensity per rupee of turnover — 1.16 to 1.11 metric tonnes/million rupees.



Hazardous waste management

KOEL strictly monitors hazardous waste generation and tracks disposal pathways to guarantee proper handling. Oil waste is directed to recyclers, while authorised agencies manage specific hazardous categories through formal documentation systems in line with regulatory requirements. To ensure full compliance with the Central Pollution Control Board (CPCB) standards, the Company maintains dedicated on-site storage facilities and utilises trained personnel for all safe waste-handling operations.



4.31%

Reduction in waste intensity per rupee of turnover

6,366.14 MT

Waste recycled

Promoting circular practices

KOEL embeds circular economy principles throughout its operations to extend material lifecycles, recycle by-products, and close resource loops. Resource efficiency is maximised and dependency on virgin inputs is reduced by repurposing canteen waste for biogas generation and actively promoting the reuse of both materials and packaging.

Community ownership

We manage our long-term impact through focused partnerships, employee participation, and continuous dialogue with community representatives. Supported by rigorous governance oversight and periodic reviews, this collaborative approach allows us to proactively address local concerns around rural development, sustainable livelihoods, health, environment, and education. In doing so, we build enduring trust and reinforce KOEL's role as a responsible corporate citizen.

₹ 9.48 cr
CSR expenditure

Our CSR efforts are structured on four pillars:

 Environment	 Rural development and sustainable livelihood	 Education	 Health
Advancing conservation, sustainability and ecological restoration projects to protect natural resources.	Enabling sustainable income generation and vocational development to strengthen economic self-reliance across local communities.	Promoting inclusive learning opportunities, advancing skill development, and extending academic support to underserved communities.	Supporting initiatives that enhance healthcare access, advance medical awareness, and promote community well-being.





Environment

Environmental stewardship is integral to our commitment to sustainable development. Through initiatives focused on waste and wastewater management, biodiversity conservation, green space development, and environmental awareness programmes, we promote responsible resource management, ecological resilience, and a cleaner, greener future for communities. KOEL promotes environmental awareness and conservation through programmes such as KVER, Eco-Bazaar, workshops, guest lectures, and study visits.

Our efforts aim to engage schools, colleges, and communities in meaningful environmental actions while showing responsible corporate leadership through tree plantation, waste management, and wastewater management projects.

Waste management

KOEL implemented an integrated waste management programme focused on Information, Education and Communication (IEC), operational process improvements, and social support mechanisms to strengthen waste segregation, enhance collection efficiency, and reduce landfill dependency.

Kagal waste management transformation

Context

In 2024, the Kagal Municipal Council faced challenges in waste segregation, landfill dependency, and inefficient waste processing. Low source segregation rates and inadequate waste management infrastructure highlighted the need for improved sanitation, sustainable waste practices, and greater community awareness.

KOEL's intervention

As part of its CSR commitment, KOEL partnered with the Kagal Municipal Council to strengthen waste management and sanitation. The Company supported awareness campaigns in schools and communities, promoted source segregation, encouraged citizen participation, and helped improve waste processing infrastructure and operational efficiency.

Outcome

Within one year from August 2024, the initiative delivered significant results: the city's cleanliness ranking improved from 110th to 12th, source segregation increased from 30% to 80%, and waste processing facility Overall Equipment Effectiveness (OEE) reached 80%.

Waste sent to landfills was brought down to zero from three loads, supporting a zero-landfill approach. The initiative also strengthened community awareness on waste management and earned KOEL a Gratitude Letter from the Kagal Municipal Council.

Strategic impact

The initiative demonstrates the power of industry-government collaboration in advancing sustainable urban development. By improving waste segregation, eliminating landfill disposal, enhancing operational efficiency, and building community awareness, KOEL created a scalable waste management model aligned with circular economy principles and strengthened environmental stewardship in semi-urban India.

~ 40,000

People reached through waste management initiatives in Kagal

KVER

Kirloskar Vasundhara Eco Rangers (KVER) engages students in environmental education and hands-on sustainability initiatives. The programme nurtures responsible future leaders who drive positive environmental action within their schools and communities.

3,475

Participants engaged through KVER's green college (clean college competitions)

Water conservation

Wastewater management project at Shivaji University

As part of our commitment to environmental sustainability, KOEL provided CSR financial backing for an innovative, eco-friendly wastewater management pilot project at Shivaji University.

Project highlight

Nature-Based Solution: Modelled under the technical guidance of Shivaji University and implemented by the Laxmi Multipurpose Foundation, the project utilises phytoremediation—using Colocasia (Alu) and Canna (Kardal) plants along the Gomati stream to naturally filter organic pollutants without mechanical STPs.

Impact

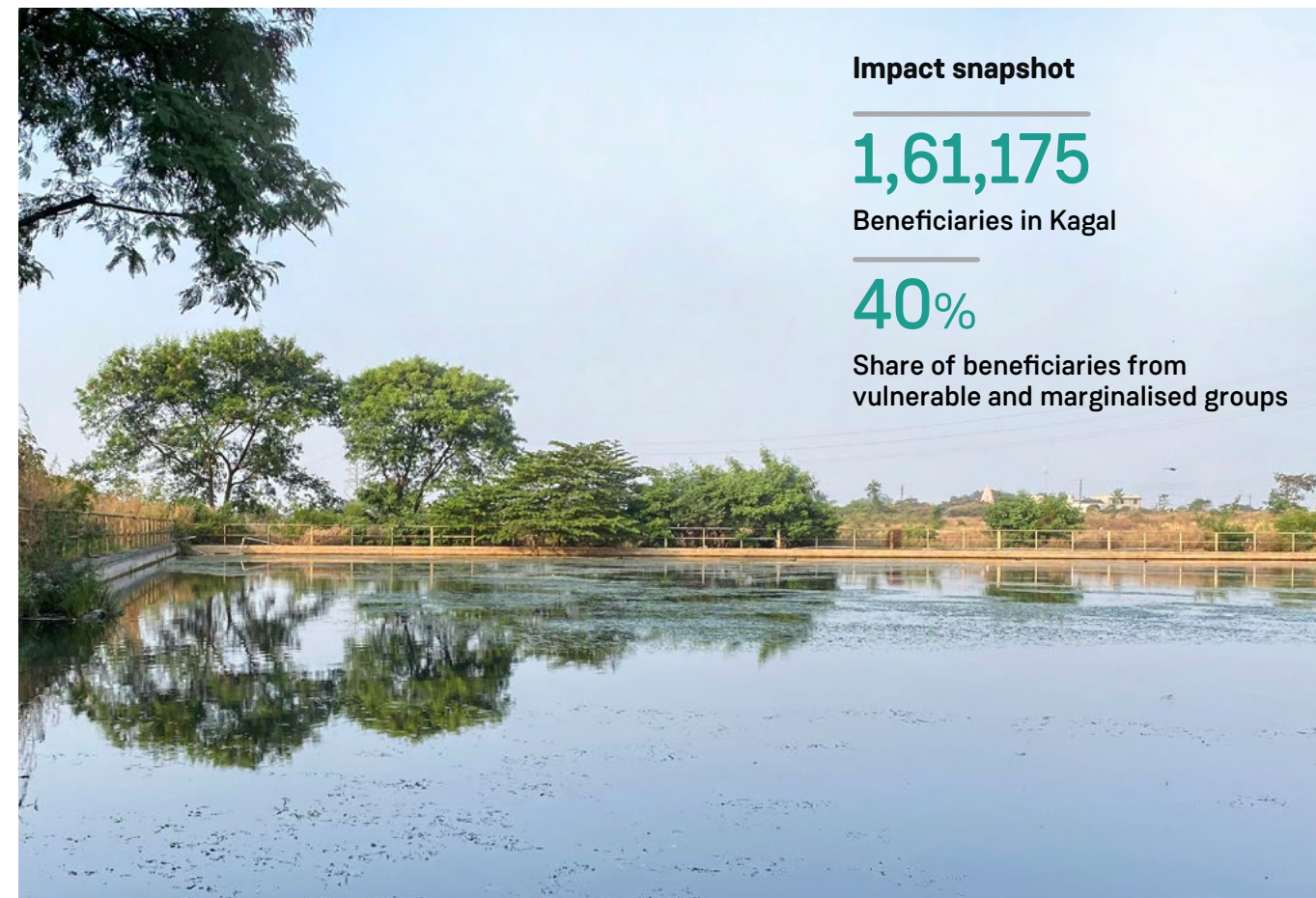
Internal testing confirms improved water quality, which is recycled exclusively to irrigate 4,000 trees across 15 acres, successfully preventing untreated discharge from entering the Panchganga River.

Biodiversity

Kagal biodiversity project

At KOEL, we are deeply committed to ensuring environmental sustainability and fostering climate resilience through the systematic enrichment of natural habitats and the holistic rejuvenation of local water bodies. Our initiatives at the Kagal Biodiversity Park focus on an intensive native plantation strategy, specifically designed to breathe new life into the ecosystem by introducing a rich matrix of indigenous flora that strengthens local bird and butterfly populations. A major cornerstone of this programme is the ecological restoration of the park's natural stream (nala) trajectories and water margins, where we are planting specialised, deep-rooting native species like Jamun, Arjun, and Erythrina to anchor soil banks, naturally filter water, and establish vital riparian corridors.

By collaborating with local institutions like the Forest Department nursery and the Naoroji Godrej Centre for Plant Research (NGCPR) to source climate-habituated, locally acclimated saplings, this initiative maximises plant survival rates and accelerates the recovery of the natural watershed.



Impact snapshot

1,61,175

Beneficiaries in Kagal

40%

Share of beneficiaries from vulnerable and marginalised groups



Rural development and sustainable livelihood

At KOEL, we are committed to creating sustainable livelihood opportunities and fostering economic self-reliance through a diverse range of need-based skill development and women’s empowerment initiatives. Our programmes, including backyard poultry, goat farming, tailoring, beauty parlour services, bag making, snack production, organic farming, kitchen gardening, and Self-Help Group (SHG) development, equip community members with income-generating skills and entrepreneurial capabilities.

By strengthening livelihoods, promoting financial independence, and enhancing economic resilience, these initiatives contribute to inclusive socio-economic growth and sustainable community development in rural areas.



Vocational training

Offers specialised training in backyard poultry, goat farming, tailoring, beauty services, bag making, snack production, organic farming, and Self-help Group (SHG) development.

Alongside these infrastructure improvements, community members have increasingly adopted kitchen gardens, backyard poultry, and organic farming, with several local women now selling their agricultural products in both village and city markets.

500+

Rural Women engaged in small businesses, contributing to local economic activity

4,985

Individuals trained through livelihood development programmes

These targeted initiatives are designed to build income-generating skills, strengthen local livelihoods, and enhance economic resilience across rural communities. Through these women-focused empowerment projects, we have fostered a deep sense of self-reliance, confidence, and a "can-do" spirit among rural women, strengthening their roles within both their families and wider communities.

Impact snapshot

4,945

Beneficiaries in Kagal and 40 beneficiaries in Nashik

40%

Share of beneficiaries from vulnerable and marginalised groups



Education

We believe education is key to individual and community development. Through Sakav life skills and counselling programmes, creative workshops, book distribution, sports activities, and other educational initiatives, we foster holistic learning, build confidence, nurture talent, and create opportunities for lifelong growth. We fund diverse educational initiatives centred on holistic student development, academic support, and skill-building.

Sakav programme

Provides life skills training and counselling to empower young learners and nurture their growth inside and outside the classroom. The Sakav programme has earned praise from students, parents, and teachers for helping adolescents navigate puberty-related challenges, think critically about gender equality, and openly discuss personal concerns with trained counsellors.



3,420

Adolescents engaged through Sakav, our life skills and counselling programme

Creative and physical development

Delivers creative workshops, educational assistance, sporting events, and cultural activities.

1,641

Participants benefitted from creative workshops

Impact snapshot

4,769

Beneficiaries in Kagal, 252 beneficiaries in Nashik and 40 beneficiaries in Khadki

40%

Share of beneficiaries from vulnerable and marginalised groups

Health

We are committed to improving community well-being through preventive healthcare and early intervention. Through regular health check-up camps for women and children, pre-cancer screening programmes, and HPV vaccination drives, we promote health awareness, support early detection, and contribute to building healthier and safer communities.



Impact Snapshot

3,574

Beneficiaries in Kagal and 44 beneficiaries in Nashik

30%

Share of beneficiaries from vulnerable and marginalised groups

Outlook

As KOEL's operational and business footprint expands in pursuit of the 2B2B vision, our sustainability commitments will scale with commensurate intent — progressively increasing captive renewable energy capacity, driving measurable reductions in Scope 1, 2, and 3 emission intensity, advancing towards zero waste-to-landfill through circular economy practices, and deepening water stewardship at our manufacturing sites. On the community side, our CSR programmes across health, education, sustainable livelihoods, and environment will be expanded with stronger impact measurement and governance, ensuring that KOEL's growth generates shared value for every stakeholder — not just shareholders.

Notice

Notice is hereby given that the 17th Annual General Meeting (“AGM”) of the Members of Kirloskar Oil Engines Limited (“the Company”) will be held on Friday, the 7th day of August 2026 at 11.30 AM (IST) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) facility, in compliance of provisions of the Companies Act, 2013 (“the Act”) and Rules thereof read with the General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020, 02/2022 dated 5th May, 2022, 10/2022 dated 28th December, 2022, 09/2023 dated 25th September, 2023, 09/2024 dated 19th September, 2024 and 03/2025 dated 22nd September, 2025 issued by the Ministry of Corporate Affairs (herein after referred as “Circulars”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred as “SEBI Listing Regulations”) read with the SEBI Master Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated 30th January, 2026, to transact the businesses as mentioned below:

Ordinary Business

Item No.1

To receive, consider and adopt:

- (a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2026, together with the Reports of the Board of Directors and the Auditors’ thereon; and
- (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2026 and the Report of the Auditors thereon.

Item No.2

To declare final dividend of ₹ 4.50/- per equity share (225%) and to confirm the Interim Dividend of ₹ 2.50/- per equity share (125%) already paid during the year for the Financial Year ended 31st March, 2026.

Item No.3

To appoint a Director in place of Mr. Rahul C. Kirloskar (DIN 00007319) who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 4

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 and read with Companies (Audit and Auditors) Rules, 2014

(including any statutory amendment, modification(s) or re-enactment thereof, for the time being in force), M/s. G. D. Apte & Co., Chartered Accountants, (Firm Registration No. 100515W) be and are hereby re-appointed as the Statutory Auditors of the Company, for a second term of 5 (five) consecutive years with effect from the conclusion of 17th Annual General Meeting of the Company till the conclusion of the 22nd Annual General Meeting of the Company to be held in the year 2031, based on the recommendation of the Audit Committee and Board of Directors of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 142(1) of the Companies Act, 2013 and Rules thereof and Regulation 36(5) of SEBI Listing Regulations, 2015 (including any statutory amendment, modification(s) or re-enactment thereof, for the time being in force), and based on the recommendation of the Audit Committee and Board of Directors of the Company, the consent of the members be and is hereby accorded to fix the remuneration at ₹ 40.70 Lakhs p.a. (Rupees Forty Lakhs Seventy Thousand Only) as the Statutory Audit fees, ₹ 2.48 Lakhs (Rupees Two Lakhs Forty-Eight Thousand Only) per Limited Review fees for each quarter and ₹ 1.10 Lakhs (Rupees One Lakh Ten Thousand Only) per subsidiary as the Annual consolidation audit fees and other certification charges plus applicable taxes thereon and reimbursement of out-of-pocket expenses on actual basis in connection with the statutory audit of the Company for the Financial Year 2026-27 and the Board of Directors of the Company be and are hereby authorised to decide such statutory audit fees as recommended by the Audit Committee and as they may deem fit for the remaining tenure of their re-appointment.”

Special Business

Item No. 5

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory amendment, modification(s) or re-enactment thereof, for the time being in force) and based on the recommendation of the Audit Committee, the remuneration of ₹ 8.75 Lakhs p.a. (Rupees Eight Lakhs Seventy-Five Thousand Only) plus applicable taxes thereon, other certification charges and the reimbursement of out-of-pocket expenses on actual basis as approved by the Board of Directors of the Company, payable to M/s. Parkhi Limaye and Co., Cost Accountants, (Firm Registration No. 191) for conducting the audit of the Cost records maintained by the Company for the Financial Year ending 31st March, 2027, be and is hereby ratified and confirmed.”

Item No. 6

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulations 16(1)(b), 17(1C), 25(2A) and 25(8) including such other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment, modification(s) or re-enactment thereof for the time being in force) based on the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company,

Mr. Yogesh Kapur (DIN 00070038) whose period of office is valid upto 28th September, 2026, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 and Rules thereof including amendments thereunder, proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years with effect from 29th September, 2026.”

By Order of the Board of Directors

Place: Pune
Date: 14th May, 2026

Sd/-
Farah Irani
Company Secretary & Compliance Officer

Notes

1. Pursuant to the General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020, 02/2022 dated 5th May, 2022, 10/2022 dated 28th December, 2022, 09/2023 dated 25th September, 2023, 09/2024 dated 19th September, 2024 and 03/2025 dated 22nd September, 2025 issued by Ministry of Corporate Affairs and SEBI Master Circular No. HO/49/14/14(7)2025-CFD-POD2/1/3762/2026 dated 30th January, 2026 issued by the Securities and Exchange Board of India (“SEBI”) (herein after referred as “Circulars”) prescribing the procedures and manner of conducting the Annual General Meeting through VC/OAVM. In terms of the said Circulars, the 17th Annual General Meeting (“AGM”) of the members of the Company will be held through VC/OAVM only.

For detailed procedure for participating in the AGM through VC/OAVM please refer point no. 27 below.
 2. Since this AGM is being held pursuant to the Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

Only a member of the Company will be entitled to attend and vote at the Annual General Meeting of the Company which will be held through VC or OAVM and no member will be entitled to appoint a proxy to attend and vote instead of himself/herself.
 3. Corporate Member(s) intending to appoint their authorised representative(s) to attend the Annual General Meeting (“AGM”) through VC/OAVM are requested to send a duly certified copy of their Board Resolution authorising their representatives to attend and vote at the AGM, pursuant to Section 113 of the Companies Act, 2013 and Rules thereof including amendments thereunder, to the Scrutiniser by e-mail at csmsp.office@gmail.com with a copy marked to evoting@nsdl.com.
 4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013 and Rules thereunder, including amendments thereof.
 6. The statement pursuant to Section 102 of the Companies Act, 2013 and Rules thereof, including amendments thereunder relating to the special business to be transacted at the meeting is annexed hereto.
 7. Details pursuant to Regulations 36(3) and (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, in respect of director and statutory auditor seeking re-appointment at Annual General Meeting forms part of this Notice.
 8. The Register of Members and Share Transfer Books of the Company will remain closed from 1st August, 2026, Saturday to 7th August, 2026, Friday (both days inclusive) for the purpose of AGM and final dividend, if any.
 9. The dividend, if declared at the AGM, will be paid to those members:
 - a. whose name appear as Beneficial Owners as at the end of the business hours on 31st July, 2026 (i.e. cut-off date/ record date), in the list of Beneficial Owners to be furnished by National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) in respect of equity shares held in electronic form; and
 - b. whose name appear as Members in the Register of Members of the Company after giving effect to valid share transmissions/deletion of names in physical form lodged with the Company/its Registrar and Share Transfer Agent on or before 31st July, 2026 (i.e. cut-off date/record date).
- Kindly note that the above payment will be made considering the FAQs published by SEBI on its website, which can be viewed at the following link: https://www.sebi.gov.in/sebi_data/faqfiles/jan-2026/1767611333081.pdf and SEBI vide its various Circulars issued from time to time, have mandated that with effect from 1st April, 2024, dividend to security holders (holding securities in physical form) shall be paid only through the electronic mode. Such payment shall be made only after Updation of KYC details by the concerned members by furnishing the PAN, Contact Details, Bank Account Details and Specimen Signature.
- Members holding shares in physical form are requested to note that in the absence of valid KYC details, the Company shall withhold the dividend, if declared. The dividend so withheld shall be released through electronic mode upon successful updation of the requisite KYC details by the concerned Members in accordance with the applicable SEBI Circulars.
10. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries by providing full name, DP ID and Client ID/Folio Number and contact number at email address viz.

investors@kirloskar.com at least 7 days in advance of the date of this meeting so that the information can be made available at the time of this meeting.

11. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and Rules thereunder, including amendments thereof, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is required to be transferred to the 'Investor Education and Protection Fund' (“IEPF”).

Pursuant to the provisions of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendments thereon, all shares in respect of which the dividend has not been paid or claimed for 7 consecutive years or more, are required to be transferred to IEPF.

Accordingly, the unpaid/unclaimed dividend for the years 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and Interim Dividend 2018-19 along with equity shares has been transferred to the said Fund, after following the prescribed procedure.

Members are requested to send their claims to the Company/Registrar and Share Transfer Agent (“R & T Agent”), if any, before the amount becomes due for transfer to the above Fund.

The details of unclaimed and unpaid amount of Dividend are available on the Company’s website viz. www.kirloskaroilengines.com.

Member(s) can claim the unclaimed dividend and the shares transferred to the IEPF including all benefits accruing on such shares, if any, from IEPF Authority after following the procedure prescribed by the Rules.

Saksham Niveshak

The Company undertook a 100 days investor awareness campaign “Saksham Niveshak”, as initiated by the Investor Education and Protection Fund Authority (“IEPFA”), Ministry of Corporate Affairs, during the period from 28th July, 2025 to 6th November, 2025, with an objective to encourage shareholders to claim their unpaid/unclaimed dividend(s), to ensure that the equity shares along with corporate benefits accruing on such shares, are not transferred to the Investor Education and Protection Fund. The Company also initiated actions under the Second 100 days Campaign – “Saksham Niveshak”, which commenced from 1st April, 2026.

12. **Register National Electronic Clearing Service (“NECS”) Mandate**

Regulation 12 and Schedule I of SEBI Listing Regulation, 2015, including amendments thereunder requires all companies to use the facilities of electronic clearing services for payment of dividend. In order to get your dividend through electronic mode or NECS, members who are holding shares in physical form are requested to inform their Bank account details such as the name of the Bank, branch, its address, account number,

9 digit MICR code, IFSC code and type of account i.e. Savings or Current or Cash Credit etc. to MUFG Intime India Private Limited (*formerly known as Link Intime India Private Limited*), R & T Agent of the Company having its office at ‘Akshay’ Complex, Block No. 202, 2nd Floor, Off. Dhole Patil Road, Near Ganesh Temple, Pune – 411 001. (Ph. No. 020-26161629/46014473).

Members holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant (“DP”) and not to the R & T Agent of the Company.

As per SEBI Circulars issued from time to time, unpaid/unclaimed dividend will be processed through electronic mode only.

13. The payment of Interim Dividend for FY 2025-26, as declared by the Board of Directors of the Company in its meeting held on 11th February, 2026 was processed on 6th March, 2026 for the members of the Company holding equity shares as on 20th February, 2026, (Record Date fixed for the purpose of said Interim Dividend) through National Electronic Clearing System (“NECS”) or any other electronic mode, as the case may be.

The aforesaid interim dividend was paid after deducting the TDS at the applicable tax rate.

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

Tax rate applicable to a shareholder depends upon residential status and classification as per the provisions of the IT Act. All shareholders are thereby requested to update any change in residential status and/or category with depository participants (in case of shares held in electronic form) or with the R & T Agent of the Company i.e. MUFG Intime India Private Limited (*formerly known as Link Intime India Private Limited*) (in case of shares held in physical form).

For the prescribed amended rates for various categories, the shareholders are requested to refer to the Finance Act, 2025.

In this regard, the Company availed the facility for online submission of Tax Exemption forms online from RTA, MUFG Intime India Private Limited (*formerly known as Link Intime India Private Limited*) wherein the shareholders can submit their tax-exemption forms along with other required documents.

TDS will not be deducted in cases where a shareholder provides Form 121 (applicable only to Resident Individual shareholder), along with copy of self-attested Permanent Account Number (“PAN”) and Form 41, Tax Residence certificate (“TRC”) and No Permanent establishment certificate (“NPE”) (applicable only to Non-Resident Shareholders), provided that eligibility

conditions are being met. Form 121/Form 41/TRC/NPE can be uploaded at link provided by the RTA: <https://web.in.mpms.mufg.com/formsreg/submission-of-Form-121-41.html>.

The aforementioned documents duly completed and signed are required to be uploaded on the URL <https://web.in.mpms.mufg.com/formsreg/submission-of-Form-121-41.html> by selecting the Company Name – Kirloskar Oil Engines Limited and following the process as guided therein.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the specified details/documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

Please note that the upload of documents (duly completed and signed) on the website of MUFG Intime India Private Ltd (*formerly known as Link Intime India Private Limited*) should be done in order to enable the Company to determine and deduct appropriate TDS/Withholding Tax.

Incomplete and/or unsigned forms and declarations will not be considered by the Company.

15. Permanent Account Number (“PAN”)

Securities and Exchange Board of India (“SEBI”) mandated the submission of PAN by every participant in securities market. Members are requested to submit their PAN to their DPs (in case of shares held in dematerialised form) or to the Company/R & T Agent (in case of shares held in physical form).

16. Members are requested to immediately notify the R & T Agent (DP in case of shares held in dematerialised form) of any change in their correspondence address or email address.

17. Dematerialisation of Shares

Trading in the shares of the Company can be done in dematerialised form only. Members are requested to avail the facility of dematerialisation by opening Depository accounts with the DPs of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised to ensure safe and speedy transaction in securities.

18. Securities Exchange Board of India amended relevant provisions of SEBI Listing Regulations, 2015 including amendments thereunder, to disallow listed companies from accepting request for transfer of securities, which are held in physical form, with effect from 1st Apr, 2019. The Members who continue to hold shares of listed companies in physical form even after this date, will not be able to lodge the shares with Company/its R & T Agent for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer.

Pursuant to various SEBI Circulars, it is mandatory for the Company to issue shares only in demat form while processing

investor service requests viz., issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. Further, SEBI substituted the earlier requirement of issuance of a physical ‘Letter of Confirmation’ (“LOC”) in lieu of duplicate share certificates, and the Company/the RTA are now required to directly credit the shares to the demat account in lieu of the share certificate while processing any of the aforesaid investor service requests.

Special Window for Re-lodgement of Transfer Requests and Dematerialisation of Physical Securities

Pursuant to SEBI Circular dated 2nd July, 2025, a special window was provided from 7th July, 2025 to 6th January, 2026 for re-lodgement of transfer requests lodged prior to 1st April, 2019 and pending due to deficiencies. This facility has been extended vide SEBI Circular dated 30th January, 2026 effective from 5th February, 2026 until 4th February, 2027. Eligible shareholders may submit requisite documents within the extended timeline. Securities will be credited only in demat form and will be subject to a one-year lock-in, during which they cannot be transferred, pledged, or encumbered.

19. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

20. Members having multiple folios are requested to intimate to the Company/R & T Agent such folios, to consolidate all shareholdings into one folio.

21. Updation of KYC Documents, Nomination, Register E-mail Address and Bank account details etc.

To support Green Initiative, Members are requested to register their e-mail addresses with R & T Agent viz. MUFG Intime India Private Limited (*formerly known as Link Intime India Private Limited*) in case of holding of shares in physical form and with concerned DPs in case of shares held in dematerialised form.

In order to receive the correspondence/dividend, if any, from the Company in a timely manner, Members are requested to register their e-mail addresses/Bank Account details. As per Circulars issued by SEBI from time to time, it mandates all the listed Companies to record the PAN, Nomination, KYC details of all the shareholders and Bank Account details of first holder. In view of the aforesaid, we request you to submit the requisite Investor Service Request Form(s) along with required supporting documents as stated therein at the earliest. The relevant formats for Nomination and Updation of KYC details viz; Forms ISR -1, ISR-2, ISR-3, SH-13,

SH-14 and SEBI Circulars are available on the RTA website <https://web.in.mpms.mufg.com/KYC-downloads.html> and on the website of the Company at <https://www.kirloskaroilengines.com/investors>. The members of the Company holding shares in dematerialised form and who have not registered their bank details or registered their e-mail address(es), can get the same registered with their respective Depository Participants by following the procedure prescribed by them.

22. In compliance with the MCA and SEBI Circulars, Notice of the AGM along with the Annual Report 2025-26, is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.

A letter providing the web link for accessing the Annual Report, including the exact path, will be sent to those members who have not registered their email address with the Company.

Members may note that the Notice and Annual Report 2025-26 will also be available on the Company’s website www.kirloskaroilengines.com, on the websites of Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of NSDL <https://www.evoting.nsdl.com>.

23. Inspection Documents

Electronic copy of relevant documents referred to in the Notice and Explanatory Statement will be made available through email for inspection by the Members. A Member is requested to send an email to investors@kirloskar.com for the same.

Electronic copies of necessary statutory registers and auditors’ reports/certificates will be available for inspection by the Members at the time of AGM.

24. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

25. Members may note that the Company is registered with the SMART ODR Portal (Securities Market Approach for Resolution through Online Disputes Resolution Portal). This platform aims to enhance investor grievance resolution by providing access to Online Dispute Resolution Institutions for addressing complaints. Members can access the SMART ODR Portal at <https://smartodr.in/login>. Members may feel free to utilise this online conciliation and/or arbitration facility, to resolve any outstanding disputes between Members and the Company (including R & T Agent).

26. National Securities Depositories Limited (“NSDL”) will be providing facility for voting through remote e-Voting, for participation in this AGM through VC/OAVM facility and e-Voting during this AGM.

27. Instructions for e-voting and procedure for joining the AGM through VC/OAVM are as follows:

A. Voting through electronic means (Remote e-voting/ e-voting on the date of AGM)

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder and Secretarial Standard on General Meetings (“SS2”) issued by the Institute of Company Secretaries of India, including amendments thereunder and the circulars issued by the Ministry of Corporate Affairs viz. the General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020, 02/2022 dated 5th May, 2022, 10/2022 dated 28th December, 2022, 09/2023 dated 25th September, 2023, 09/2024 dated 19th September, 2024 and 03/2025 dated 22nd September, 2025, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 17th Annual General Meeting.

For this purpose, the Company entered into an agreement with National Securities Depository Limited (“NSDL”) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the AGM will be provided by NSDL.

- II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM through VC/OAVM but shall not be entitled to cast their vote again.

III. The Instructions for Members for Remote E-Voting and Joining General Meeting are as under

The remote e-voting period begins on **4th August, 2026 (9:00 am) (IST)** and ends on **6th August, 2026 (5:00 pm) (IST)**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. **31st July, 2026**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **31st July, 2026**.

Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- A. **Member whose email IDs are registered with the Company/R & T Agent viz. MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited)/Depository Participant(s)** will receive an email from NSDL. Once the Members receive the email, he or she will need to go through the following steps to complete the remote e-voting process:

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI Circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	- For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp - Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on    
Individual Shareholders holding securities in demat mode with CDSL	- Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. - After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. - If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. - Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911

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

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

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

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

- Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- Password details for shareholders other than Individual shareholders are given below:

 - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - How to retrieve your ‘initial password’?
 - If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
- If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - Click on **“Forgot User Details/Password?”**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - “Physical User Reset Password?”** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.

3. Alternatively, shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. Please follow all steps from Sr. No. III (A) above, to cast vote.
5. In terms of SEBI Circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

General Guidelines for shareholders

- a) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail at csmsp.office@gmail.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/Power of Attorney/Authority Letter etc. by clicking on “Upload Board Resolution/Authority Letter” displayed under “e-Voting” tab in their login.
- b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
- c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members who need assistance before or during the AGM and remote e-voting user manual for members available on the website www.evoting.nsdl.com under the ‘Downloads section’. You can also contact Ms. Pallavi Mhatre, Senior Manager via e-mail at evoting@nsdl.com or call on toll free no. 022 - 4886 7000.

IV. The Instructions for Members for E-Voting on the Day of the AGM are as under:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
5. In case any Member casts the vote through e-voting to be conducted at the time of AGM in addition to the remote e-voting, the voting through remote e-voting shall be considered as final and vote casted through e-voting at the time of the AGM shall be considered as invalid.

V. Instructions for Members for Attending the AGM through VC/OAVM are as Under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Facility of joining the AGM through VC/OAVM shall open 15 minutes before the time scheduled for the AGM and closed after 15 minutes from scheduled time for AGM (except for the members holding more than 2%).
5. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.com or contact Ms. Pallavi Mhatre, Senior Manager – NSDL or call on toll free no. 1800 1020 990 and 1800 22 44 30.
6. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker and may send their request mentioning their name, demat account

number/folio number, email id, mobile number at email address viz. investors@kirloskar.com at least 4 days before date of the meeting. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

For smooth conduct of proceedings of the AGM, Members may note that the Company reserves the right to restrict number of questions and speakers during the AGM depending upon availability of time.

28. You can also update your mobile number and e-mail ID in the user profile details of the Folio, which may be used for sending future communication(s).
29. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on **31st July, 2026**.
30. Any person, holding shares in physical form and non-individual shareholders who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. **31st July, 2026**, may obtain the login ID and password by sending a request at evoting@nsdl.com or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” or option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. **31st July, 2026** may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system”
31. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. **31st July, 2026** only shall be entitled to avail the facility of remote e-voting as well as e- voting at the AGM.
32. A person who is not a member as on the cut-off date should treat this notice for information purpose only.
33. Mrs. Manasi Paradkar, Practicing Company Secretary, Pune, (Membership No. FCS 5447 CP No. 4385) has been appointed as the Scrutiniser to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
34. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutiniser, by use of “e-voting facility availed from NSDL” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@kirloskar.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@kirloskar.com.

35. The Scrutiniser shall after the conclusion of e-voting at the Annual General Meeting, will unblock the votes cast through remote e-voting/e-voting at the time of AGM, not later than 2 working days of the conclusion of the AGM, a consolidated Scrutiniser’s report of the total votes cast in favour or against, if any, to the Chairman or Vice Chairperson and Managing Director or a person authorised by him/her in writing, who shall countersign the same and declare the result of the voting forthwith.

36. The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company www.kirloskaroilengines.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or Vice Chairperson and Managing Director or a person authorised by him/her in writing. The results shall also be immediately forwarded to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited.

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 & RULES THEREOF INCLUDING AMENDMENTS THEREUNDER AND REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 INCLUDING AMENDMENTS THEREUNDER

Item No. 3 of the Notice

Mr. Rahul C. Kirloskar (DIN 00007319) retires by rotation and being eligible offers himself for re-appointment.

He holds 1,77,86,902 (12.24%) equity shares in the Company.

Mr. Rahul C. Kirloskar (age 62 years) has been associated with the Kirloskar Group for more than 37 years. In 1993, he was appointed as the Managing Director of Kirloskar Pneumatic Company Limited and in 1998, he took over as Chairman. From 2001 to 2012, he became the Director of Exports for Kirloskar Oil Engines Limited, wherein the major areas were expanding export operations for Kirloskar Oil Engines Limited and the entire Kirloskar Group. He founded Kirloskar Chillers Private Limited and also been the Chairman of Confederation of Indian Industry (“CII”) Pune Council as well as Maharashtra State CII Council. He is the Chairman of the Corporate Social Responsibility Committee of the Company. He is a member of the Nomination and Remuneration Committee of the Company.

He is also a director of the following other companies:

Kirloskar Pneumatic Co. Ltd*	Kirloskar Ferrous Industries Limited**
Kirloskar Proprietary Ltd.	GreenTek Systems (India) Private Limited
Avante Spaces Limited#	Kirloskar Energen Private Limited
Alpak Investments Pvt. Ltd.	Kirloskar Industries Limited
Asara Sales and Investment Pvt. Ltd.	

*Stakeholders Relationship Committee – Member

**Stakeholders Relationship Committee – Chairman

#Audit Committee - Member

He has attended 6 (six) meetings of the Board of Directors of the Company during the FY 2025-26.

He resigned as Director from the Board of Kirloskar Solar Technologies Private Limited and ceased as a Director of J.K Fenner (India) Limited on completion of his term, during last 3 (three) years.

Mr. Rahul C. Kirloskar is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 read with Rules thereunder including amendments thereof and has given his consent to act as a Director.

In compliance with SEBI letter dated 14th June, 2018 and Circular No. LIST/COMP/14/2018- 2019 dated 20th June, 2018, issued by the BSE Limited and Circular No. NSE/CML/2018/24 dated 20th June, 2018, issued by National Stock Exchange of India Limited, Mr. Rahul C. Kirloskar is not debarred from holding the office of Director by virtue of any SEBI Order or any other Authority.

He is not related to any Director/Key Managerial Personnel of the Company pursuant to the provisions of the Companies Act, 2013 read with Rules thereunder including amendments thereof.

Save and except Mr. Rahul C. Kirloskar and his relatives to the extent of their shareholding, if any, in the Company, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution, except to the extent of their shareholding, if any, in the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company recommends the resolution set out in Item No. 3 of the notice for the approval of members of the Company.

Item No. 4 of the Notice

Pursuant to the provisions of Section 139 of the Companies Act, 2013 (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014, a company can appoint an audit firm as Statutory Auditor for a maximum of two terms of five consecutive years each.

Further, pursuant to Section 142(1) of the Act and Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder, the remuneration of the Statutory Auditors shall be determined by the Members in a general meeting or in such manner as may be determined by them.

The members of the Company at the Annual General Meeting of the Company held on 12th August, 2021, appointed M/s. G. D. Apte & Co., Chartered Accountants (Firm Registration No.100515W), as the Statutory Auditors of the Company for a term of 5 (five) consecutive years, to hold office from Annual General Meeting held in the year 2021 till the conclusion of the Annual General Meeting to be held in the year 2026.

M/s G. D. Apte & Co., Chartered Accountants is an old and reputed Audit and Advisory firm in India, having been set up in the year 1930. Over 8 decades, the firm has gained experience and built mastery in the domains of Audit, Assurance, Taxation and Financial Advisory. The firm is well established in India with offices in Mumbai and Pune with its operations adequately supported by qualified professionals and staff.

Based on the recommendation of the Audit Committee, the Board of Directors of the Company, recommended the following:

- a.) Re-appointment of M/s. G. D. Apte & Co., Chartered Accountants, Pune, (Firm Registration No. 100515W) as the Statutory Auditors of the Company for a second term of 5 (five) consecutive years with effect from the conclusion of 17th Annual General Meeting of the Company till the conclusion 22nd Annual General Meeting of the Company to be held in the year 2031.
- b.) Remuneration of ₹ 40.70 Lakhs p.a. (Rupees Forty Lakhs Seventy Thousand Only) as the Statutory Audit fees, ₹ 2.48 Lakhs (Rupees Two Lakhs Forty-Eight Thousand Only) per Limited Review fees for each quarter and ₹ 1.10 Lakh (Rupees One Lakh Ten Thousand Only) per subsidiary as the Annual consolidation audit fees and other certification charges plus applicable taxes thereon and reimbursement of out-of-pocket expenses on actual basis in connection with the statutory audit of the Company for the Financial Year 2026-27.

The remuneration payable to the statutory auditors for the remaining tenure of the proposed re-appointment will be subsequently determined by the Board as per the recommendations of the Audit Committee.

Pursuant to Section 139 of the Companies Act, 2013 and the Rules framed thereunder, the Company has received written consent from M/s. G. D. Apte & Co., Chartered Accountants and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the re-appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and Rules framed thereunder. As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. G. D. Apte & Co, confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested (financially or otherwise) in the resolution, except to the extent of their shareholding, if any, in the Company.

Based on the recommendation of the Audit Committee, the Board of Directors of the Company recommends the resolution set out in Item No. 4 of the notice for the approval of members of the Company.

Item No. 5 of the Notice

The Board of Directors on the recommendation of Audit Committee approved the appointment of M/s. Parkhi Limaye and Co., Cost Accountants (Firm Registration No.191) to conduct the audit of the cost records of the Company for Financial Year ending 31st March, 2027, at the remuneration of ₹ 8.75 Lakhs p.a. (Rupees Eight Lakhs Seventy-Five Thousand Only) plus applicable taxes thereon, other certification charges and reimbursement of out-of-pocket expenses on actual basis.

Pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company.

M/s. Parkhi Limaye and Co, Cost Accountants have furnished certificate regarding their eligibility for appointment as Cost Auditors of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors of the Company recommends resolution set out in Item No. 5 of the notice for approval and ratification by the members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested (financially or otherwise) in the resolution, except to the extent of their shareholding, if any, in the Company.

Item No. 6 of the Notice

The members of the Company in its meeting held on 11th August, 2022, appointed Mr. Yogesh Kapur (DIN 00070038) as an Independent Director for a term of 5 (five) consecutive years. His term is valid upto 28th September, 2026. Mr. Yogesh Kapur as a Board Member made significant contribution towards guiding the Company on various strategic, financial and business issues and that the Company benefited immensely because of his vast experience.

Mr. Yogesh Kapur (Age 68) is a Fellow Chartered Accountant (“FCA”) with over 43 years’ experience in financial services sector. He started his career in 1983 with Housing Development Finance Corporation Ltd. (“HDFC”). In 1991 he moved to Investment banking with HSBC and then joined Enam Securities Pvt. Ltd., a leading Investment banking/brokerage house in 1994. In 2012 Axis Bank acquired the Investment Banking business of Enam Securities Pvt. Ltd. As a result, Mr. Kapur moved to Axis Capital Ltd., a wholly owned subsidiary of Axis Bank for Investment banking business.

In 2014 he moved to Axis Bank as Head- Strategic Relationship Group- Wholesale banking for north India. Post his superannuation in July 2017, he rejoined Axis Capital Ltd. on a contract as Managing Director – special coverage. This contract engagement ended in Mid-November 2022.

During his tenor as investment banker, Mr. Kapur has engaged with corporates in private sector as they prepared to list on public markets. In addition, he has been engaged in advising companies on strategic initiatives, reorganisation, business/corporate restructuring etc. Mr. Kapur was also very closely engaged during this period with DIPAM to manage initial listings and further divestments in public sector companies in accordance with Government’s directives/decisions on the subject.

During his career tenor with HDFC, Mr. Kapur worked on a number of international assignments including for USAID and World Bank in Sri Lanka and Ghana. He also served on committees set up by SEBI/ Government of India - Ministry of Finance to examine ADR/GDRs as well as FCCBs Regulations during his Tenor with Enam.

He is currently serving on the boards of several companies including Greenlam Industries Ltd., ASK Automotive Ltd., Relaxo Footwear Ltd., Rico Auto Industries Ltd., Polyplex Corporation Ltd. and Safex Chemicals Ltd. (Including its UK Subsidiary Briar Chemicals Ltd.).

He does not hold any equity shares in the Company. He is a Member of Audit Committee and Chairman of Stakeholders Relationship Committee of the Board.

He is a director of the following other companies:

Greenlam Industries Limited* [@]	Rico Auto Industries Limited*
Arka Financial Holdings Private Limited	Ask Automotive Limited**
Arka Fincap Limited*	Relaxo Footwears Limited*
Greenlam Limited	Polyplex Corporation Limited**
Safex Chemicals (India) Limited**	

*Audit Committee – Chairman

**Audit Committee – Member

[@]Stakeholders Relationship Committee – Member

He resigned from the Board of Edu Voyage Education Private Limited and SSIPL Retail Limited during last 3 years.

He has attended 6 (six) meetings of the Board of Directors of the Company during the FY 2025-26.

Mr. Yogesh Kapur is not disqualified from being re-appointed as director in terms of Section 164 of the Companies Act, 2013 and Rules thereof including amendments thereunder and given his consent to act as a director.

The Company has also received declaration from Mr. Yogesh Kapur that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Rules thereof including amendments thereunder and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 including amendments thereunder. The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 and Rules thereof including amendments thereunder proposing the candidature of Mr. Yogesh Kapur for the office of Director of the Company.

Pursuant to amendment to Schedule II, Part D Para A(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the role and capabilities required for an Independent Director.

The Board is of the opinion that Mr. Yogesh Kapur fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and also possess appropriate balance of skills, requisite expertise and experience (including the proficiency) and knowledge and he is a person of high integrity and repute so as to enable the Board to discharge its functions and duties effectively . In the opinion of the Board of Directors, Mr. Yogesh Kapur is independent of the management of the Company and fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for re-appointment as an Independent Director.

Mr. Yogesh Kapur meets the following skills and capabilities required for the role as an Independent Director, as have been identified by the Board of Directors of the Company:

- Finance, Law and Management – Extensive knowledge in the areas of initial listings, further divestments in public sector companies and finance sector.
- Compliance Management, Risk Management, Knowledge about business sector / economy, Knowledge about statutory/ regulatory laws, Corporate Restructuring and Strategic Planning - Contributed towards the strategic initiatives, reorganisation, business/corporate restructuring etc.

The Board considers that his experience and expertise would be of immense benefit to the Company and it is desirable to avail services of Mr. Yogesh Kapur as an Independent Director for second term of 5 (five) consecutive years with effect from 29th September, 2026.

Copy of the draft letter for the appointment of an Independent Director, setting out the terms and conditions, is available for inspection by the members at the website of the Company i.e., at www.kirloskaroilengines.com. Alternatively, Members may write to the Company on investors@kirloskar.com mentioning their names, folio numbers, DP ID and Client ID for the same.

Mr. Yogesh Kapur shall be paid remuneration by way of fee for attending meetings of the Board and Committees thereof, reimbursement of expenses for participating in the Board and other meetings and commission as may be approved by the Board/ Nomination and Remuneration Committee and Shareholders of the Company from time to time. Payment of sitting fees and commission shall at all times be subject to the provisions of the Act and Rules

thereunder and such amendments, as may be made thereto from time to time and other Acts and Rules as may be applicable.

In compliance with SEBI letter dated 14th June, 2018 and Circular No. LIST/COMP/14/2018- 2019 dated 20th June, 2018, issued by the BSE Limited and Circular No. NSE/CML/2018/24 dated 20th June, 2018, issued by National Stock Exchange of India Limited, Mr. Yogesh Kapur is not debarred from holding the office of Director by virtue of any SEBI Order or any other Authority.

The Board of Directors based on recommendation of Nomination and Remuneration Committee, and subject to the approval of members of the Company, considered re-appointment of Mr. Yogesh Kapur (DIN 00070038) as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 29th September, 2026, pursuant to Sections 149 and 152 read with Schedule IV (including other applicable provisions, if any) of the Companies Act, 2013 and Rules thereof including amendments thereunder and Regulation 17(1C), 25(2A) (including other applicable provisions, if any) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

Mr. Yogesh Kapur is not *inter-se* related with any other Director or Key Managerial Personnel of the Company.

Save and except Mr. Yogesh Kapur and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution, except to the extent of their shareholding, if any, in the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company recommends the special resolution set out in Item No. 6 of the notice for the approval of members of the Company.

By Order of the Board of Directors

Place: Pune
Date: 14th May, 2026

Sd/-
Farah Irani
Company Secretary & Compliance Officer

Board’s Report

To the Members
of **Kirloskar Oil Engines Limited**

Your Directors are pleased to present this 17th Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2026 of Kirloskar Oil Engines Limited (“KOEL” or “the Company”).

1. Company’s Financial Performance (Standalone)

Your Company's sales from continuing operations for the financial year ended 31st March, 2026 stood at ₹ 5,603.85 Crores, as compared to ₹ 4,481.46 Crores in the previous financial year, representing an increase of 25.05%. Profit before tax and exceptional item from continuing operations for the financial year ended 31st March, 2026 was ₹ 623.59 Crores as compared to ₹ 502.76 Crores in the previous financial year, representing an increase of 24.03%.

Profit after tax from continuing operations for the financial year ended 31st March, 2026 was ₹ 441.50 Crores as compared to ₹ 389.82 Crores in the previous financial year, representing an increase of 13.26%.

2. Financial Results (Standalone)

(₹ in Crores)		
Particulars	2025-26	2024-25
Total Income from continuing operations	5,687.49	4,554.80
Profit before exceptional items and tax from continuing operations	623.59	502.76
Exceptional Items – (expense)/income	(29.68)	20.90
Profit before tax from continuing operations	593.91	523.66
Tax Expense (Current & Deferred Tax)	152.41	133.84
Net Profit for the year from continuing operations	441.50	389.82
Profit before tax from discontinued operations	26.09	56.28
Tax Expense (Current & Deferred Tax) on discontinued operations	6.57	14.17
Net Profit for the year from discontinued operations	19.52	42.11
Net Profit for the year from continuing and discontinued operations	461.02	431.93
Other Comprehensive Income/(Loss)	1.18	(3.07)
Total Comprehensive Income for the year, net of tax	462.20	428.86
Profit Brought Forward	2,315.54	1,973.63
Profit Available for Appropriation	2,776.56	2,405.56
Transfer to General Reserve	-	-
Dividend	94.44	87.07
Balance of the Profit carried forward	2,683.31	2,315.54

3. Dividend

Your Directors declared an interim dividend of 125% (₹ 2.50/- per equity share) and also recommended a final dividend of 225% (₹ 4.50/- per equity share) for the year ended 31st March, 2026. The previous year's dividend consisted of an interim dividend of 125% (₹ 2.50 per equity share) and a final dividend of 200% (₹ 4/- per equity share).

The total dividend payout during the financial year ended 31st March, 2026 was ₹ 94.44 Crores. The payment of dividend was subject to tax deduction at source (“TDS”) at the applicable tax rate.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder, the Dividend Distribution Policy of the Company is available on the Company’s website (<https://www.kirloskaroilengines.com/documents/6887317/2c1214b2-96a6-ce9c-5988-c9673c6cee2d>).

4. Details of Significant Changes in Key Financial Ratios

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, we give below the key financial ratios:

1. Details of Key Financial Ratios of the Company as under:

Sr. No.	Particulars	Ratio as on 31 st March, 2026 [#]	Ratio as on 31 st March, 2025	Reason for significant change (change of 25% or more)
i.	Debtors’ Turnover*	7.82	8.32	
ii.	Inventory Turnover*	6.70	6.56	
iii.	Interest Coverage Ratio	67.84	41.81	Increase mainly on account of decrease in current borrowings and part repayment of secured term loan and increase in net available earnings.
iv.	Current Ratio*	1.67	1.68	
v.	Debt Equity Ratio*	0.04	0.06	Decrease mainly on account of decrease in current borrowings and part repayment of secured term loan availed for immovable property.
vi.	Operating Profit Margin (%)	10.60%	10.54%	
vii.	Net Profit Margin (%)*	7.88%	8.51%	

*Refer Note 47 of the Standalone Financial Statements.

[#]Figures derived based on items from Statement of Profit and Loss represent continuing operations only.

There are no sector specific equivalent ratios for disclosure by the Company.

2. Return on Net Worth:

The details of change in Return on Net Worth as compared to the immediately previous financial year is given below:

Sr. No.	Particulars	As on 31 st March, 2026	As on 31 st March, 2025	% of change	Reason for change
1	Return on Net worth [#]	13.95%	13.93%	0.16%	Marginal increase in operating profit with Sales growth

[#]Return derived based on figures from Statement of Profit and Loss represent continuing operations only. Comparative figures have been restated to exclude discontinued operations.

5. Companies which have become or ceased to be Subsidiaries, Associates and Joint Ventures

The Board of Directors at its meeting held on 11th February, 2026 considered and approved the incorporation of a wholly owned subsidiary of the Company with a name 'Kirloskar Advanced Systems Private Limited ("KASPL") or such other name as may be approved by the Statutory Authority(ies) therein and subject to such other approvals as may be required. 'Kirloskar Advanced Systems Private Limited' has been incorporated on 30th March, 2026.

6. Change in the Nature of Business

The Board of Directors of the Company in its meeting held on 10th October, 2025 approved the transfer of the Company's Business to Customer (“B2C”) business segment i.e. Water Management Solutions (“WMS”) – Domestic & Exports Business by way of slump sale as a going concern to its wholly owned subsidiary, KOEL Fluid Dynamics Private Limited (“KFD”) [*Formerly known as La-Gajjar Machineries Private Limited* (“LGM”)]. The consideration was in the form of issuance and allotment of 10,65,150 equity shares of KFD having face value of ₹ 10/- each to the Company, on a private placement basis, on terms as set out in the Business Transfer Agreement executed on 10th October, 2025. The aforesaid B2C business segment of the Company is transferred to KFD with effect from 11th October, 2025.

7. Subsidiary Companies and Consolidated Financial Statements

On consolidated basis, for the financial year ended 31st March, 2026, your Company’s revenue from continuing operations stood at ₹ 7,701.01 Crores (Previous financial year was ₹ 6,329.14 Crores), Profit before tax and exceptional item from continuing operations was ₹ 788.72 Crores (Previous financial year was ₹ 612.47 Crores) and Profit after tax from continuing operations was ₹ 557.72 Crores (Previous financial year was ₹ 473.56 Crores).

The consolidated financial statements of the Company and its subsidiaries was prepared in accordance with Ind AS 110, issued by ICAI and notified by Ministry of Corporate Affairs and forms part of this Annual Report. A statement containing the salient features of the financial statements of the subsidiary companies forms part of the Financial Statements of the Company in Form AOC-1 (Refer Note 43 to the standalone financial statements).

Pursuant to the provisions of Section 136 of the Companies Act, 2013 and Rules thereof, including amendments thereunder, the financial statements along with relevant documents of the Company and its subsidiaries are available on the Company’s website.

The annual accounts of the Company’s subsidiaries and related detailed information will be available for inspection in electronic form based on the members’ request raised by them on the dedicated email id of the Company at investors@kirloskar.com.

a) The details of financial performance of subsidiaries including step-down subsidiaries for the year ended 31st March, 2026 and 31st March, 2025 are as under:

Sr. No.	Name of the Company	Category	Turnover/Revenue [^] (₹ in Crores)		Profit/(Loss) after Tax [^] (₹ in Crores)	
			FY 2025-26	FY 2024-25 [#]	FY 2025-26	FY 2024-25 [#]
1	Kirloskar Americas Corporation, USA (KAC)	Subsidiary Company	32.21	30.20	1.65	2.85
2	KOEL Fluid Dynamics Private Limited (formerly known as La-Gajjar Machineries Private Limited [LGM]), Ahmedabad (KFD) *	Subsidiary Company	1,121.58	1,005.77	67.21	45.17
3	Arka Financial Holdings Private Limited, Mumbai (AFHPL)	Subsidiary Company	0.31	10.82	0.43	(2.47)
4	Arka Fincap Limited, Mumbai (AFL)	Step-down Subsidiary Company	873.68	774.27	68.60	80.36
5	Arka Investment Advisory Services Private Limited, Mumbai (AIASPL)	Step-down Subsidiary Company	2.62	5.63	(0.29)	(4.31)
6	Engines LPG, LLC dba Wildcat Power Gen, USA	Step-down Subsidiary Company	39.00	22.11	(24.20)	(25.77)
7	Kirloskar International ME FZE, UAE (KIME) w.e.f. 7 th January, 2025**	Subsidiary Company	54.48	-	5.90	(0.10)
8	Kirloskar Advanced Systems Private Limited, Pune (KASPL) w.e.f. 30 th March, 2026***	Subsidiary Company	-	NA	(0.23)	NA

*KFD purchased Business to Customer (“B2C”) business segment of the Company i.e. Water Management Solutions (“WMS”) – Domestic & Exports Business, on a going concern basis by way of slump sale. Accordingly, B2C business segment of the Company was transferred to KFD with effect from 11th October, 2025. KFD restated the comparative figures of its financial statements as required under Appendix C of Ind AS 103 and stated in the accounting policy. Also the numbers for transferred business of Optiqua Pipes and Electricals Private Limited has been classified as discontinued operations.

**KIME was incorporated on 7th January, 2025 as wholly owned subsidiary of the Company and there were no commercial operations carried out upto 31st March, 2025.

***KASPL was incorporated on 30th March, 2026 as wholly owned subsidiary of the Company and there were no commercial operations carried out upto 31st March, 2026.

[^]Above reported numbers represents continuing operations wherever applicable.

[#]Previous period figures are regrouped wherever required to make them comparable with the current period.

b) Operational Highlights of subsidiaries including step-down subsidiaries during FY 2025-26 are as under:

i. Kirloskar Americas Corporation, USA – (“KAC”)

During the Financial Year under review, KAC’s revenue was contributed from Industrial, Powergen and Fluid Dynamic segments. KAC has stocking arrangements in Miami (FL) for engines, generating sets and spare parts. This enables faster deliveries of products to customers in North, Central and South America. The business environment in the USA was cautious after the announcement of tariffs of 25% in April 2025 which was increased to 50% in August 2025. This uncertainty had led cautious approach at customer end resulting into a lower demand coupled with some delays in procedures and documentation at the borders. The environment in Mexico was adversely affected due to continuously changing policies and interpretations holding up new investments and expansions. With introduction of higher capacity range through the Optiprime series, KAC successfully executed orders for a project in Belize and has offered Optiprime solutions for future projects in the Latam region. KAC is working on new avenues and ventures to succeed in these markets by pursuing to localize the products and meet local requirements. Relaxation of tariffs from 50% to 10% in the last quarter boosted customer sentiments in the last quarter of the financial year, which saw some good traction from business both in the US and Latam region.

KAC is playing a pivotal role for large scale projects by engaging with key players in the data centre segment to capitalise on unprecedented demand for larger capacity diesel and natural gas engine driven generator solutions in the US. Simultaneously, KAC has initiated projects with multiple OEMs in the US for gas engine long blocks in the high horsepower segment that should bring significant opportunities in the coming 3 – 4 years.

Currently three (3) new families of engine are in process of Tier 4 Final certification from US EPA and California Air Resources Board (“CARB”) and is expected to be completed in Financial Year 2026-27. These applications are being developed for Powergen and Industrial segment.

KAC participated at National Fire Protection Association expo in United States of Americas. Stocking and packaging of engines and accessories in the US has led to a penetration amongst the OEMs in Americas region. KAC has also increased its service reach in different countries in Central and South America which has been leading to positive response from end customers in contractors in the region.

ii. Engines LPG, LLC dba Wildcat Power Gen, USA

The business environment in the USA was cautious after the announcement of tariffs of 25% in April 2025 which was increased to 50% in August 2025. The same has resulted in lack of demand from distributor channel which has impact on Engines LPG LLC performance. In response, the organisation was right sized to align with business volume while prioritising foundational investments in enhancement of sales, service, support processes, and channel partner onboarding to build brand recognition. Technical milestones have showcased success, particularly with the Patriot series through multiple deliveries for mobile-rental applications and a promising product ramp-up cycle, alongside delivery of engineered solutions such as Natural Gas-driven engineered power solutions for agriculture application and drone-charging applications for irrigation. Further showcasing these capabilities are notable solutions under development, including genset solution for mobile EV charging station and a portable eye hospital application.

Engines LPG, LLC dba Wildcat Power Gen participated in the Powergen Show in Feb 2026 and showcased various products and solutions including Mobile Rental segment diesel gensets, Hybrid gensets with solar & battery integrated options and solutions where customer showed keen interest in our solution offerings.

To deliver sustainable growth, Engines LPG, LLC dba Wildcat Power Gen is working towards a comprehensive strategic overhaul that includes transitioning to a new leadership team, enhancing the partnership with its key vendors, and aggressively revamping the channel strategy to establish robust distributor partnerships and increase key-account focus. This strategy will be further reinforced by a broad investment in talent across sales, service, support, engineering, manufacturing, and assembly, which, combined with improved product availability, positions the organisation to course-correct with increased sales momentum in the coming quarters.

iii. KOEL Fluid Dynamics Private Limited (“KFD”) [formerly known as La-Gajjar Machineries Private Limited]

KFD continued to expand its network both in domestic and international markets and geographies. During the year under review, KFD has expanded its network in regions like Africa, South East Asia, Latin America. The Sanand plant has reached at reasonable level of capacity utilisation after setting up of the new plant during the year. Transfer of B2C business segment of KOEL to KFD resulted in, improving value chain efficiency. Additionally, the Rajkot plant reached a fulfillment of more than 80% capacity.

Market Segments -

- Electric: Remained the largest topline contributor; focus is now on a renewed product portfolio and expanded channel outreach.
- Diesel: Performance was strong and high market acceptance in the aftermarket.
- Industrial: Launched specialty pumps (End Suction, Sewage, Mud) to offset seasonality in other segments.
- International: Successfully expanded the KFD footprint to 55 countries across four continents.

Overall, the fiscal year focused on structural upgrades across the entire value chain to shape the KFD's roadmap.

iv. Arka Financial Holdings Private Limited ("AFHPL")

AFHPL was founded with the aim of bolstering strategic flexibility to establish a dynamic and robust platform for its Financial services endeavours.

AFHPL is an unregistered Core Investment Company ("CIC"). Presently, AFHPL oversees two subsidiaries namely, Arka Fincap Limited and Arka Investment Advisory Services Private Limited.

v. Kirloskar International ME FZE, UAE ("KIME")

During the Financial Year under review, KIME started its operations from 1st October, 2025 after receipt of its VAT registration. KIME's revenue drivers are Firefighting Engines, Industrial Engines and Spares in Middle East and North Africa territory. KIME has stocking arrangements in UAE for engines and spare parts. This enables faster deliveries of products to OEMs (customers).

KIME faced serious business revenue challenge due to loss of our largest OEM account to Chinese manufacturer, which created a significant short-term gap. The team responded with focused execution across the broader portfolio through accelerated engagement with existing and new customers across assigned territory. Due to which, KIME not only stabilised the business but also delivered growth across other accounts.

During the financial year, KIME successfully established new Industrial revenue streams in the Construction and Automotive segments, with key wins in cement bulkers and mobile road sweeper applications. Also drove market expansion by acquiring new customers (OEM's) in strategic markets such as Saudi Arabia, Egypt, and Turkey thus, strengthening our regional footprint

KIME expanded after-sales network by onboarding new service partners in Egypt and Saudi Arabia, significantly improving service reach, response time, and customer support in these critical markets.

vi. Arka Fincap Limited ("AFL") - Step-Down Subsidiary

AFL is a Non-Deposit Taking Systemically Important Non-Banking Financial Company ("NBFC"). It operates as a subsidiary of Arka Financial Holdings Private Limited ("AFHPL"), which in turn, is a subsidiary of Kirloskar Oil Engines Limited ("KOEL"). AFL is professionally managed and specialises in providing structured term financing solutions to Retail, Corporate, Real Estate, and Micro, Small, and Medium Enterprise ("MSME") borrowers.

With a customer-centric approach, a seasoned management team, and diligent monitoring of loan assets, AFL has witnessed significant growth since the inception of operations in fiscal year 2020. It operates in 3 main business segments: SME Lending, Wholesale Lending and recently launched Secured Retail Financing.

The launch of our Secured Retail vertical represents a defining shift in Arka Fincap's strategy, prioritising asset granularity and long-term balance sheet stability. As a primary growth catalyst, this segment leverages Secured Business Loans and Pre-Owned Wheels financing to bridge the credit gap for the MSME sector, fostering a more diversified and resilient portfolio. The speed of execution in Secured Retail has been remarkable; within a single year, we established a presence across 7 states with a robust network of 100+ Secured Retail branches. This rapid scale-up is powered by a dedicated team of over 1,000 retail professionals whose local insights have driven deep market penetration. Strategically, the retail segment now contributes ~9% of Arka's total AUM. More importantly, it is fundamentally shifting our asset composition toward greater granularity. By reducing concentration risk and increasing the number of touchpoints, we are building a scalable foundation that ensures long-term stability.

Within SME vertical, we provide higher ticket Loans against Property to Small and Medium Enterprises. Our Wholesale Lending business comprises of Corporate Lending, Real Estate & Urban Infra Lending and Syndication (Distribution) Business. Corporate Lending division excels in tailoring bespoke loans to precisely fit the unique needs of medium and large corporations. The Real Estate and Urban Infra Lending division is dedicated to facilitating the growth of India's infrastructure and real estate sectors by providing either partial or complete capital infusion. With a keen focus on catering to the requirements of its esteemed clients, the division ensures a smooth and seamless process from initiation to completion. Syndication business offers comprehensive solutions to corporate clients encompassing project finance, capital expenditure, general corporate needs, last mile financing, and subordinated structured debt. Through advisory, syndicating, sell-down, and co-lending strategies spanning various sectors, it ensures tailored financial assistance for every requirement.

Overall, Arka Fincap continued its upward trajectory in FY 26, achieving a 9.5% y-o-y growth in AUM to reach ₹ 7,947 Crores. This growth was achieved alongside a deliberate focus on increasing granularity, ensuring a high-quality and resilient portfolio for the future.

With a customer-centric approach, a seasoned management team, and diligent monitoring of loan assets, upholding our motto of 'Lend wisely, serve deeply,' we closed the year with a GNPA of ~1.2%. This asset quality underscores our ability to achieve rapid scale upholding our rigorous underwriting standards that define our business.

vii. Arka Investment Advisory Services Private Limited ("AIASPL") - Step-Down Subsidiary

AIASPL was incorporated with an objective including managing or assisting in raising funds for alternative investment funds, venture capital funds, private equity funds, debt funds, structured finance funds, offshore funds, pension funds, property related funds or any other funds, undertaking the business of providing investment advisory services, act as an asset manager, advisor, sponsor, designated partner in respect of various investment or pooled investment vehicles and/or entities for managing and/or advising with respect to the assets and/or investments of or by Alternative Investment Funds.

AIASPL was an Investment Manager to Arka Credit Fund, a fund registered as a Category II Alternative Investment Fund with SEBI and its scheme i.e., Arka Credit Fund I. Pursuant to the liquidation of the investments of Arka Credit Fund I and on an application made by AIASPL for surrendering the Certificate of Registration, SEBI cancelled the certificate of registration of Arka Credit Fund as Category II AIF. As at 31st March, 2026, AIASPL is not acting as the Investment Manager to any active fund.

8. Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 (KOEL ESOP 2019)

The Members of the Company at the Annual General Meeting held on 9th August, 2019, passed a resolution for introducing Employees Stock Option Plan 2019 - (KOEL ESOP 2019), for the benefit of employees of the Company. The resolution also accorded approval to the Board of Directors, to formulate the plan as per broad parameters outlined in the resolution, either directly or through a Nomination and Remuneration Committee.

The Members of the Company at the Annual General Meeting held on 12th August, 2021, passed a resolution amending the Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary company, in or out of India except such subsidiary company(ies) which are formed and engaged

in financial service business including without limitation to the Arka Fincap Limited and also authorised the Board of Directors or the Nomination and Remuneration Committee of the Company to grant the Options to such employees of the Subsidiary Company(ies) from time to time.

The Securities and Exchange Board of India ("SEBI") notified the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") by repealing and merging the SEBI (Share Based Employee Benefits) Regulations, 2014 and the SEBI (Issue of Sweat Equity) Regulations, 2002 (collectively referred to as "Erstwhile Regulations") with appropriate modifications which came into force from 13th August, 2021. The Nomination and Remuneration Committee at its meeting held on 27th October, 2021 further amended the KOEL ESOP 2019 to align and comply the requirements of the SEBI SBEB Regulations along with to bring flexibility provided under the SEBI SBEB Regulations.

The Company had obtained in-principle approval from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for listing of 14,00,000 equity shares under KOEL ESOP 2019, pursuant to Regulation 12 of the Chapter II of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The Nomination and Remuneration Committee at its meetings held on 5th March, 2021 approved the grant of 9,40,000 stock options exercisable into 9,40,000 Equity Shares of ₹ 2/- each; on 18th May, 2022 approved the grant of 2,75,000 stock options exercisable into 2,75,000 Equity Shares of ₹ 2/- each; on 10th August, 2023 approved the grant of 1,35,000 stock options exercisable into 1,35,000 Equity Shares of ₹ 2/- each and on 6th August, 2025, approved the grant of 21,129 stock options exercisable into 21,129 Equity Shares of ₹ 2/- each of the Company to its specified employees of the Company. The Nomination and Remuneration Committee at its meeting held on 27th October, 2021, approved the grant of 50,000 stock options exercisable into 50,000 Equity Shares of ₹ 2/- each of the Company to the specified employees of KOEL Fluid Dynamics Private Limited (*formerly known as La-Gajjar Machineries Private Limited*), a wholly owned subsidiary company. The Nomination and Remuneration Committee at its meeting held on 7th August, 2024, approved the grant of 4,63,367 stock options exercisable into 4,63,367 Equity Shares of ₹ 2/- each of the Company to the specified employees of the Company and KOEL Fluid Dynamics Private Limited (*formerly known as La-Gajjar Machineries Private Limited*), a wholly owned subsidiary company.

KOEL ESOP 2019 is in compliance with the applicable provisions of the Companies Act, 2013 and the Rules issued thereunder, the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") and other applicable regulations, if any.

The disclosures as required under Companies (Share Capital and Debentures) Rules, 2014, including amendments thereunder as on 31st March, 2026 is as under:

Options granted during the FY 2025-26	21,129
Options vested during the FY 2025-26*	168,633
Options exercised during the FY 2025-26**	156,717
The total number of shares arising as a result of exercise of option during the FY 2025-26***	148,268
Options lapsed during the FY 2025-26	178,314
Exercise Price	103.14/- 128.88/- 87.93/- 267.36/- 656.67/- 519.06/-
Variation of terms of options during the FY 2025-26	No variation
Employee wise details of options granted during FY 2025-26 to:	
1. Key Managerial Personnel	Nil
2. Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during the FY 2025-26: Mr. Prasad Dharmadhikari	21,129
3. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant during the FY 2025-26.	Nil

*6,875 options were vested to the specified employees of KOEL Fluid Dynamics Private Limited (*formerly known as La-Gajjar Machineries Private Limited*), a wholly owned subsidiary company and 161,758 options were vested to the specified employees of the Company as per vesting schedule.

**It excludes 31,717 options exercised during the financial year 2024-25 and allotted during the financial year 2025-26. It includes 8,449 options exercised during the financial year 2025-26 and allotted during the financial year 2026-27. The exercise money for 8,449 equity shares is accounted as Share application money.

***It excludes 31,717 options exercised during the FY 2024-25 and allotted during the FY 2025-26.

There have been no material changes to the KOEL ESOP 2019 during the FY 2025-26.

The certificate from M/s. M. J. Risbud & Co., a proprietorship firm of Mr. Mahesh J. Risbud, Practicing Company Secretary (Certificate of Practice No. CP185, Membership No. F810, Firm Registration No. S1981MH000400, Peer Review Certificate No. 7628/2026 dated 30th January, 2026) Secretarial Auditors of the Company, confirming that the scheme has been implemented in accordance with the aforesaid regulations and in accordance with the resolution passed by the Members of the Company at its Annual General Meetings held on 9th August, 2019 and 12th August, 2021, will be placed before the Members at the ensuing Annual General Meeting. A copy of the same will be available for inspection at the Company's website viz. www.kirloskaroilengines.com.

The disclosures on the scheme, details of options granted, changes to the scheme, if any, etc. are placed on the website of the Company as required under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") and can be accessed on the Company's website viz. www.kirloskaroilengines.com.

In line with the Indian Accounting Standards ("Ind AS") 102 on 'Share Based Payments' issued by the Institute of Chartered

Accountants of India ("ICAI"), your Company has computed the cost of equity settled transactions by using the fair value of the options at the date of the grant and recognised the same as employee compensation cost over the vesting period.

9. Capital Structure

Your Company allotted 1,79,985 equity shares of ₹ 2/- each to the eligible employees of the Company and eligible employees of KOEL Fluid Dynamics Private Limited (*formerly known as La-Gajjar Machineries Private Limited*) during the financial year 2025-26 pursuant to KOEL ESOP 2019. Consequent to the aforesaid allotment, Issued Capital and Subscribed Capital of the Company increased from 14,51,79,689 equity shares of ₹ 2/- each to 14,53,59,674 equity shares of ₹ 2/- each and Paid-up Capital increased from 14,51,79,224 equity shares of ₹ 2/- each to 14,53,59,209 equity shares of ₹ 2/- each.

Your Company allotted 8,449 equity shares of ₹ 2/- each on 24th April, 2026 and 12,286 equity shares of ₹ 2/- each on 14th May, 2026, upon exercise of options vested to the eligible employees of the Company and eligible employees of KOEL Fluid Dynamics Private Limited (*formerly known as La-Gajjar Machineries Private Limited*) pursuant to KOEL ESOP 2019.

10. Directors

a) Changes in Composition of the Board of Directors

The details of changes in the composition of the Board of Directors of the Company during the Financial Year under review are as under:

- Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in the meeting held on 11th November, 2025, considered and approved the appointment of Mr. Srikumar Vijayasekharan (DIN 07810464), as an Additional Non-Executive Director in the capacity of an Independent Director for a first term of 5 (five) consecutive years, with effect from 11th November, 2025. Further the shareholders by way of postal ballot on 15th January, 2026, approved the appointment of Mr. Srikumar Vijayasekharan (DIN 07810464), as an Non-Executive Independent Director for a first term of 5 (five) consecutive years, with effect from 11th November, 2025. The intimation of the said appointment was filed with BSE Limited and National Stock Exchange of India Limited on 11th November, 2025 and 16th January, 2026.
- The term of office of Mr. Atul Kirloskar (DIN 00007387), as Chairman of the Company expired on 31st March, 2026 (close of working hours). He expressed a desire not to renew term as Chairman and also tendered his resignation as Non-Executive Non-Independent Director with effect from 31st March, 2026 (close of working hours). The intimation of the said resignation was filed with BSE Limited and National Stock Exchange of India Limited on 10th March, 2026.
- Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in the meeting held on 10th March, 2026, considered and approved appointment of Mr. Rahul C. Kirloskar (DIN 00007319), Non-Executive Director (Non-Independent Director) as the Chairman of the Company, with effect from 1st April, 2026. The intimation of the said appointment was filed with BSE Limited and National Stock Exchange of India Limited on 10th March, 2026.
- The members of the Company at the Annual General Meeting ("AGM") held on 7th August, 2025, re-appointed Ms. Gauri Kirloskar (DIN 03366274), as a Whole-Time Director with the designation as the Managing Director of the Company to hold office for a period of 3 (three) years commencing from 20th May, 2025. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on 10th March, 2026, have additionally designated her as the Vice Chairperson of the Company with effect from

1st April, 2026. The intimation of the additional designation was filed with BSE Limited and National Stock Exchange of India Limited on 10th March, 2026.

- Mr. Rahul C. Kirloskar (DIN 00007319) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
- In compliance with Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and Regulation 16(1)(b), 17(1C), 25(2A) and 25(8) including such other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment, modification(s) or re-enactment thereof for the time being in force) based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company re-appointed Mr. Yogesh Kapur (DIN 00070038) as "Non-Executive Independent Director" with effect from 29th September, 2026. The Company has received requisite notice in writing from a member proposing his candidature for office of Director. The resolution seeking approval of the Members by special resolution for the re-appointment of Mr. Yogesh Kapur for a second term of 5 (five) consecutive years, has been incorporated in the notice of the forthcoming Annual General Meeting of the Company.

The brief resume and other details relating to the Directors who are proposed to be re-appointed, as required to be disclosed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder, forms part of the Notice of Annual General Meeting.

Other than the above, there are no other changes in the composition of the Board of Directors of the Company in the FY 2025-26.

b) Changes in Key Managerial Personnel

There are no changes in Key Managerial Personnel of the Company in the FY 2025-26.

c) Declarations from the Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(7) of the Companies Act, 2013 & Rules thereof including amendments thereunder and Regulation 16(1)(b) & 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder.

The Company has also received declarations from all the Independent Directors of the Company confirming that they have complied with the Code for Independent Directors

as prescribed in Schedule IV to the Companies Act, 2013, including amendments thereunder. The said Code is available on the Company's website.

All the Independent Directors of the Company have enrolled themselves in the data bank with the 'Indian Institute of Corporate Affairs', New Delhi, India and eligible Independent Directors have also completed the proficiency test.

There has been no change in the circumstances affecting their status as Independent Directors of the Company.

The Board of Directors of the Company have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same.

d) A statement regarding opinion of the Board with regard to Integrity, Expertise and Experience (including the proficiency) of the Independent Directors appointed during the year

The Board of Directors considered that Mr. Srikumar Vijayasekharan (DIN 07810464) possess the requisite expertise and experience (including the proficiency) and he is the person of high integrity and repute and accordingly recommended his appointment as Independent Director which was approved by the Members by way of Postal Ballot on 15th January, 2026.

Other than the above, there are no other appointment of Independent Directors by the Company in financial year 2025-26.

e) Board Evaluation

The Board of Directors carried out a formal review of the performance and effectiveness of the Board, Committees of the Board and of the individual directors including the Chairman of the Board for the FY 2025-26.

The performance of the Board was evaluated on the basis of criteria such as the board composition and structure, effectiveness of Board processes, participation in organisation strategy including Long Range Plan and Annual Operating Plan, inorganic growth opportunity evaluation, Enterprise Risk Management etc.

Using appropriate criteria, the performance of the various Committees was separately evaluated by the Board.

In separate meeting(s) of Independent Directors, performance of non-independent directors, performance of the Board as a whole, performance of the Chairman, taking into account the views of executive director and non-executive directors, was evaluated and *inter-alia* discussed the issues arising out of Committee Meetings and Board discussion including the

quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The outcome of the meeting was presented to the Board along with the course of actions taken for implementing the observations/ suggestions.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as achievement against key performance objectives, attendance at meetings, time devoted for the Company, contribution in the Board process etc.

Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

The Independent Directors shared their inputs on effectiveness of the Board processes with the Chairman of the Board.

The Directors expressed their satisfaction with the evaluation process. The result of evaluation was satisfactory and meets the requirements of the Company.

f) Nomination and Remuneration Policy

The Board of Directors, on the recommendation of the Nomination & Remuneration Committee, has adopted a policy that lays guidelines for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel together with their remuneration, which has been amended in order to align with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereof and the Companies Act, 2013 read with Rules thereof including amendments thereunder. The Nomination and Remuneration Policy is available on the website of the Company. (Web – link <https://www.kirloskaroilengines.com/documents/6887317/a010f0ef-8135-1da8-e35b-7e61be179ffc>)

g) Number of meetings of the Board

During the financial year under review, 6 (Six) Board Meetings were held, the details of which form part of the Report on Corporate Governance.

h) Composition of Audit Committee and other Committees of the Board

The Composition including terms of references of Committees of the Board namely, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and

Stakeholders Relationship Committee forms part of the Report on Corporate Governance.

The Composition of Corporate Social Responsibility Committee forms part of Annexure A of this report.

During the financial year under review, the Board has accepted all the recommendations given by the Committees of the Board, which are mandatorily required.

11. Particulars of Loans, Guarantees or Investments

During the financial year under review, the Company has invested in Series A-1 Optionally Convertible Redeemable Non-Cumulative Preference Shares of Kirloskar Americas Corporation, USA, Equity share capital of Kirloskar International ME FZE, UAE and the Company has transferred its Business to Customer ("B2C") business segment by way of slump sale as a going concern to KOEL Fluid Dynamics Private Limited (KFD) at a consideration in the form of 10,65,150 equity shares of KFD having face value of ₹ 10/- each. The details are given in the Financial Statements, forming part of this Annual Report. The Company has not granted any Loans and Guarantees covered under Section 186 of the Companies Act, 2013 & Rules thereof including amendments thereunder.

12. Particulars of Contracts or Arrangements with Related Parties

All related party transactions that were entered into during the FY 2025-26 were on an arm's length basis and in the ordinary course of business. None of the related party transactions entered into by the Company, were materially significant, warranting members' approval under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder and the Companies Act, 2013 and Rules made thereunder and amendments thereof. Hence, there are no transactions to be reported in Form AOC-2. All Related Party Transactions are routinely placed before the Audit Committee for approval after being duly certified by the Independent Chartered Accountant. The Audit Committee had granted the omnibus approval for the proposed transactions other than those approved by the Audit Committee from time to time with Related Party during FY 2025-26, which are reviewed on quarterly basis by the Audit Committee after being duly certified by the Independent Chartered Accountant.

The Company has adopted the policy on Related Party Transactions which was amended from time to time in order to align with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereof and the Companies Act, 2013, read with rules thereof including amendments thereunder. The amended policy on Related Party Transactions is uploaded on the Company's website.

The disclosures as per Ind AS 24 for transactions with related parties are provided in Note 41.5.11 of the Standalone Financial Statements. The Company also discloses, in the prescribed format, on the Stock Exchange(s) viz. BSE Limited and National Stock Exchange of India Limited, transactions with the related parties on half yearly basis.

13. Risk Management, Internal Audit and Internal Control Framework

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders. All material decisions of the Board take into relevant consideration the nature and extent of risks which the Company is willing to take in achieving its strategic objectives and value creation. The Company's internal control system is commensurate with the nature of the business, size and complexity of operations covering all businesses and functions of the organisation. In line with the commitment of a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto, the Company has a Code of Business Conduct applicable to Company personnel covering a wide range of business practices and procedures. This includes, but is not limited to, compliance with laws, rules and regulations, avoidance of conflicts of interests, practicing ethical behavior, ensuring integrity of financial statements, protection of information, intellectual property and technology, diversity and inclusion and prevention of harassment and violence. The Company's risk management process is designed to facilitate identification, evaluation, mitigation and review of risks which may affect achievement of objectives. It is aligned with the strategy deployment processes of the organisation. A risk-based audit plan on a yearly basis is approved by the Audit Committee. Significant observations and progress of implementation of the action plan are reported to and reviewed by the Audit Committee. The enterprise risks and their mitigation plans are presented by the risk owners to the Risk Management Committee. The Enterprise Risk Management ("ERM") framework is aimed at effectively mitigating the business and enterprise risks through strategic actions. The mitigation plans for enterprise and business risks are reviewed and updated on a periodic basis to the Risk Management, Audit Committee and the Board of Directors of the Company. The risk management process which has been established across the Company, addresses major types of risks which are at enterprise and business level. The risks are reviewed with respect to the likelihood and impact following a balanced bottom-up and top-down approach covering all businesses and functions of the Company. The review of the risks is done based on changes in the external environment, which have a

significant bearing on the risks. The Risk Management Policy developed by the Company guides the risk management processes which is in line with size, scale and nature of the Company's operations. The risk management process works at various levels across the organisation. It is an ongoing process and forms an integral part of management focus. The Risk Management Committee oversees risk management standards, practices, and systems. The Risk Management Committee periodically reviews the effectiveness of the ERM system within the Company and evaluates the adequacy and effectiveness of administrative, operating, and accounting controls used by the Company. In addition to this, the control self-assessment framework complements the internal audits and helps the employees to monitor the internal controls they are responsible for. This system aids in building a robust control environment across the organisation.

14. Internal Financial Controls with Reference to the Financial Statements

The Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

15. Compliance Management

The Company has further strengthen the comprehensive and robust legal compliance management online tool, which is devised to ensure compliance with all applicable laws. Automated alerts are sent to compliance owners to ensure compliances within stipulated timelines. The compliance owners certify the compliance status which is reviewed by compliance approvers and a consolidated dashboard is presented to the respective functional heads and Compliance Officer. A certificate of compliance of all applicable laws and regulations is placed before the Board of Directors on a quarterly basis.

16. Corporate Social Responsibility

The Company has always believed in working for the betterment and upliftment of society. Corporate Social Responsibility ("CSR") has been practiced and ingrained over the years in the Company. The focus areas under CSR have remained consistent over the years and include education, health and hygiene, environment, disaster management and rural development etc.

The Company has adopted the CSR Policy which is further amended in lines with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The Composition of CSR Committee of the Board and Report on CSR activities is provided in **Annexure A** to this Report.

17. Vigil Mechanism/Whistle Blower Policy

The Company has adopted a Vigil Mechanism/Whistle Blower Policy. The Policy provides a mechanism for all directors, employees of the Company and persons dealing with the Company to report to the Chairman of the Audit Committee or Ethics Committee or Ethics Ombudsman any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or leakage of Unpublished Price Sensitive Information ("UPSI"), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations, 2015, or any other instance. The Whistle Blower Policy/Vigil Mechanism and Process flow has been made accessible to all employees.

The Company adopted online Ethics Helpline to report any suspected violations of code of conduct or any other ethical concerns or raise concern under Whistle Blower/Vigil Mechanism, through email/hotline/webmode. The Company had a tie-up with an independent third party specialist service provider "Integrity Matters" to handle concerns reported. The Vigil Mechanism/Whistle Blower Policy is uploaded on the Company's website (weblink: <https://www.kirloskaroilengines.com/documents/6887317/17b7fa36-d0ec-4acc-4d87-3c2c03873664>)

No person has been denied access to the Audit Committee Chairman in this regard. There were no complaints filed/pending with the Company during the financial year under review.

18. Extract of Annual Return

As required under Section 92(3) read with Section 134(3)(a) of the Companies Act 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 including amendments thereunder, the Annual Return filed with the Ministry of Corporate Affairs (MCA) for the FY 2024-25 is available on the web-link (<https://www.kirloskaroilengines.com/documents/6887317/7012932/Annual%20Return%20FY%202024-25.pdf/a2eb0c53-451b-b534-3016-2276e43fda4e>) and the Annual Return for FY 2025-26 will be made available on the website of the Company once it is filed with the MCA.

19. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 and Rules thereof, including amendments thereunder, are provided in **Annexure B** to this Report.

20. Environmental, Social and Governance ("ESG") Journey

The Board continues to have a sharp focus on ESG agenda to ensure long-term value creation for all stakeholders through sustainable business practices.

The ESG Committee of the Company provides strategic guidance on ESG strategy. The review and progress made on ESG are reported to the Risk Management Committee, Audit Committee and Board of Directors periodically.

21. Key Initiatives with Respect to Stakeholder Relationship, Customer Relationship, Environment, Sustainability, Health, Safety and Welfare of Employees

The key initiatives taken by the Company with respect to stakeholder relationship, customer relationship, environment, sustainability, health, safety and welfare of employees are provided separately under various Capitals and Business Responsibility and Sustainability Report, as a part of this Report.

22. Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including amendments thereunder, are provided in **Annexure C** to this Report.

The particulars of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including amendments thereunder, forms part of this report. In terms of Section 136(1) of the Companies Act, 2013 and Rules thereof including amendments thereunder, the Board's Report is being sent to the shareholders without this Annexure. A copy of this annexure will be made available in electronic form to the members on request raised by them on the dedicated email id of the Company at investors@kirloskar.com.

23. Policy on Prevention of Sexual Harrassment (POSH)

The Company has in place a Policy for prevention of sexual harassment at workplace. This *inter alia* provides a mechanism for the resolution, settlement or prosecution of acts or instances of sexual harassment at work and ensures that all employees are treated with respect and dignity. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee ("ICC") under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

Code of Conduct Classroom training sessions have been conducted across the Company. The POSH Act, ICC as well as reporting mechanisms set up in the Company are covered as a part of this training.

There were no complaints filed/pending with the Company during the financial year under review.

24. Disclosure under Maternity Benefit Act, 1961

The Company has complied with the provisions of the Maternity Benefit Act, 1961 as amended from time to time. The Company has ensured the provisions of maternity benefits to eligible women employees in accordance with the requirements of the Maternity Benefit Act, 1961, and there has been no instance of non-compliance during the FY 2025-26.

25. General

During the FY 2025-26:

- There were no public deposits accepted by the Company pursuant to provisions of the Companies Act, 2013 and Rules thereof, including amendments thereunder.
- There was no instance of fraud during the financial year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Companies Act, 2013 and Rules thereof, including amendments thereunder.
- The Company has maintained cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and Rules thereof, including amendments thereunder.
- The Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi.
- To the best of our knowledge, the Company has not received any such order from Regulators, Courts or Tribunals, which may impact the going concern status or the operations of the Company in future.
- There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year under review of the Company to which the Financial Statements relate and the date of this Report.
- Neither any application has been made nor has any proceeding been pending against the Company under the Insolvency and Bankruptcy Code, 2016.
- Ms. Gauri Kirloskar (DIN: 03366274), Whole - Time Director designated as Vice Chairperson and Managing Director of the Company, received commission of

₹ 8,00,000/- during the financial year 2025-26 from Arka Fincap Limited, Step-down Subsidiary Company.

- i. Details of unclaimed dividends and equity shares transferred to the Investor Education and Protection Fund authority have been provided as part of the Notice of the Annual General Meeting.

26. Auditors

a) Statutory Auditors

The Members of the Company at their meeting held on 12th August, 2021, appointed M/s. G. D. Apte & Co., Chartered Accountants, Pune (Firm Registration No. 100515W), as Statutory Auditors of the Company for a first term of 5 (five) consecutive years to hold office from the Annual General Meeting held on 12th August, 2021 till the conclusion of the Annual General Meeting to be held in the year 2026.

It is proposed to re-appoint M/s. G. D. Apte & Co., Chartered Accountants, Pune (Firm Registration No. 100515W), as Statutory Auditors of the Company for a second term of 5 (five) consecutive years to hold office from the Annual General Meeting to be held in 2026 till the conclusion of the Annual General Meeting to be held in the year 2031. The resolution seeking approval of the Members for the re-appointment of M/s. G. D. Apte & Co., Chartered Accountants, Pune (Firm Registration No. 100515W), as Statutory Auditors of the Company for a second term of 5 (five) consecutive years, has been incorporated in the notice of the forthcoming Annual General Meeting of the Company.

The Company has received from them the requisite certificate pursuant to Section 139 of the Companies Act, 2013 and Rules thereof, including amendments thereunder.

The Report given by the Auditors on the Standalone and Consolidated financial statements of the Company for the financial year ended 31st March, 2026, forms part of this Report and does not contain any qualification, reservation or adverse remark or disclaimer.

b) Cost Auditors

Your Company is required to maintain the cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013. The Board of Directors at its meeting held on 14th May, 2026, on the recommendation of the Audit Committee, appointed M/s. Parkhi Limaye & Co. (Firm Registration No. 191), as the Cost Auditors of the Company for the Financial Year 2026-27 at a remuneration of ₹ 8,75,000/- (Rupees Eight Lakhs Seventy-Five Thousand only). The remuneration payable to M/s. Parkhi Limaye & Co is subject to ratification by the shareholders at the ensuing Annual General Meeting.

The Cost Audit Report for the Financial Year ended 31st March, 2026 will be filed as per the provisions of the Companies Act, 2013 and Rules thereof, including amendments thereunder with Ministry of Corporate Affairs (“MCA”). (Cost Audit Report for FY 2024-25 was filed on 3rd September, 2025).

c) Secretarial Auditor

The Members of the Company in its meeting held on 7th August, 2025 appointed M/s. M. J. Risbud & Co, a proprietorship firm of Mr. Mahesh J. Risbud, Practicing Company Secretary (Certificate of Practice No. CP 185, Membership No. F810, Firm Registration No. S1981MH000400, Peer Review Certificate No. 7628/2026 dated 30th January, 2026) as Secretarial Auditor of the Company for a term of 5 (five) consecutive years from and including the Financial Year ending 31st March, 2026 to the Financial Year ending 31st March, 2030.

The Company has received the requisite certificate pursuant to Regulation 24A(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

M/s. M. J. Risbud & Co, a proprietorship firm of Mr. Mahesh J. Risbud, Practicing Company Secretary has conducted the Secretarial Audit of the Company for FY 2025-26, under Section 204 of the Companies Act, 2013 and Rules thereof including amendments thereunder.

The Secretarial Audit Report for the Financial Year ended 31st March, 2026 is provided in **Annexure D-1** to this Report and does not contain any adverse remark or qualifications.

M/s. M. J. Risbud & Co, a proprietorship firm of Mr. Mahesh J. Risbud, Practicing Company Secretary, Pune, has submitted Secretarial Compliance Report as laid down in SEBI circular no. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated 30th January, 2026 read with circular no. NSE/CML/2023/21 dated 16th March, 2023 and circular no. NSE/CML/2023/30 dated 10th April, 2023 issued by National Stock Exchange of India Limited and notice no. 20230316-14 dated 16th March, 2023 and notice no. 20230410-41 dated 10th April, 2023 issued by BSE Limited (“Circulars”), and has also confirmed that the Company has complied with of all applicable SEBI Regulations and circulars/guidelines issued thereunder, for the Financial Year ended 31st March, 2026. The same was uploaded on the Stock Exchange(s) viz. BSE Limited and National Stock Exchange of India Limited.

d) Secretarial Audit of Material Unlisted Subsidiary

Arka Financial Holdings Private Limited (“AFHPL”) is material unlisted subsidiary of the Company. The Secretarial Audit of AFHPL for the FY 2025-26 was carried out pursuant to Section 204 of the Companies Act, 2013 and Rules thereof including

amendments thereunder read with Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder. The Secretarial Audit Report of AFHPL has been submitted by M/s. Mayekar and Associates, Practicing Company Secretaries, Mumbai, FCS – 2071, COP – 2427, for the FY 2025-26.

The Secretarial Audit Report is provided in **Annexure D-2** to this Report and does not contain any adverse remark or qualifications.

27. Management Discussion and Analysis Report and Report on Corporate Governance

The Management Discussion and Analysis Report and the Report on Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, forms part of this Annual Report.

A Certificate from the Statutory Auditors of the Company regarding compliance with conditions of corporate governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, also forms part of this Annual Report.

28. Business Responsibility and Sustainability Report (“BRSR”)

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, including amendment thereunder, the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26 is forming part of this Annual Report. Pursuant to circulars issued by SEBI, the Company has carried out the Reasonable Assurance through BDO India Services Private Limited, for BRSR for FY 2025-26, which also forms part of this Annual Report.

29. Directors’ Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013, including Rules made thereof and amendments thereunder, the Directors, based on the representations received from the Operating Management, confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) They have selected such accounting policies, and applied them consistently and made judgements 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 the year ended on that date;

- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding 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 such internal financial controls are adequate and operating effectively; and
- f) They have devised proper systems to ensure compliance with provisions of all applicable laws and such systems are adequate and operating effectively.

The aforesaid statement has also been reviewed and confirmed by the Audit Committee of the Board of Directors of the Company.

30. Cautionary Statement

Statements in this report, particularly those which relate to Management Discussion and Analysis Report, describing the Company's objectives, projections, estimates and expectations may constitute “forward looking statements” within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

31. Acknowledgements

On behalf of the Board of Directors, I would like to extend our sincere gratitude to our shareholders, investor community, bankers, suppliers, business associates for their continuous support and commitment. Your Directors are thankful to the esteemed shareholders for their continued support and the confidence reposed in the Company and its Management.

I would like to express my appreciation to the Board of Directors for their valuable guidance, wisdom, and support in guiding the Company through this year. I look forward to working with them to drive KOEL to greater heights in coming years.

For and on behalf of the Board of Directors

Sd/-

Rahul C. Kirloskar

Chairman

DIN: 00007319

Date: 14th May, 2026
Place: Pune

Annexure ‘A’ to the Board’s Report

Annual Report on Corporate Social Responsibility (“CSR”) activities for FY 2025-26

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 including amendments thereof and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022]

1. Brief outline on CSR Policy of the Company:

The Company has adopted the Corporate Social Responsibility (“CSR”) policy which is further amended in lines with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. Eligible funds for CSR activities will be expended in the areas of education, health and hygiene, environment, disaster management and rural development etc. through one or more trusts or directly. These CSR activities will be carried out through various programmes or projects specified in the CSR policy.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Rahul C. Kirloskar, Non-Executive Director	Chairman	2	2
2	Ms. Gauri Kirloskar, Managing Director	Member	2	2
3	Dr. Shalini Sarin, Independent Director	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

- **For Composition of CSR Committee** - (web-link - <https://www.kirloskaroilengines.com/documents/6887317/20d5d9f0-49a1-8536-7ce0-3c87586824e1>)
- **For CSR Policy** - (web-link - <https://www.kirloskaroilengines.com/documents/6887317/f5c989ea-04e2-a777-6e4f-632c3fe23e1e>)
- **CSR projects approved by the board** - (web-link - https://www.kirloskaroilengines.com/documents/6887317/7013219/CSR%20Annual%20Action%20Plan_FY%202025-26/4081fe92-4849-141e-ee0d-679806bb584c)

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: NA

5. (a) **Average net profit of the company as per Section 135(5):** ₹ 473.652 Crores.

(b) **Two percent of average net profit of the company as per Section 135(5):** ₹ 9.473 Crores.

(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)]:** ₹ 9.475 Crores. (As approved by the CSR Committee and Board of Directors)

6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 9.475 Crores.

(b) **Amount spent in Administrative Overheads:** NIL

(c) **Amount spent on Impact Assessment, if applicable:** NA

(d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 9.475 Crores.

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
9,47,50,000/-	NA	NA	NA	NA	NA

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

Sr. No.	Particulars	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per Section 135(5)	9,47,30,485
(ii)	Total amount spent for the Financial Year	9,47,50,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	19,515
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	19,515

7. (a) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial years: Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund as specified under Schedule VII as per Section 135(5), if any Amount (in ₹) Date of transfer	Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
				Nil			
TOTAL							

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

If Yes, enter the number of Capital assets created/acquired: NA

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

(1)	(2)	(3)	(4)	(5)	(6)		
Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
					CSR Registration Number, if Applicable	Name	Registered Address
Nil							

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

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135. - NA

Sd/-
Rahul C. Kirloskar
(Chairman CSR Committee)

Sd/-
Gauri Kirloskar
(Vice Chairperson and Managing Director)

Annexure ‘B’ to the Board’s Report

A. Conservation of Energy

The coming year, our commitment to efficiency and environmental responsibility takes on a new urgency. The recent, stricter government pollution norms, such as the CPCB IV+, Bharat Stage VI emission norms and Corporate Average Fuel Efficiency (“CAFE”) standards, are not just regulatory requirements; they are a clear call to action for our industry and a vital step towards ensuring cleaner air and a healthier planet for future generations.

As a leader in engine manufacturing, we recognise our significant role in this transition. The industrial sector accounts for a substantial portion of national energy consumption, and our products have a direct impact on environmental quality. Therefore, our response to these challenges must be proactive and innovative. We can also focus on how our internal manufacturing processes can become more energy-efficient and compliant with environmental regulations.

We at Kirloskar Oil Engines Limited, leverages Environmental, Social and Governance (“ESG”) principles to create both financial and non-financial value. By prioritising sustainable practices like local procurement, recycling and reusing of waste etc. KOEL reduces operational costs and enhances efficiency, leading to improved financial performance. ESG initiatives also strengthen brand reputation, attract socially conscious investors, and foster customer loyalty. KOEL's commitment to ESG not only drives profitability but also ensures sustainable growth, aligning the company with global best practices and stakeholder expectations.

Identifying and continuing the journey on sustainability, KOEL is recognised at State and National level for continuous efforts and fantastic results in Energy Conservation drive. KOEL once again, emerged as strong leader in Energy and Water conservation initiatives and bagged “Excellent Energy efficient unit award and National Energy Leader award” organised by CII and awarded with “Gold rating in India Green Manufacturing Challenge, Diamond trophy for consecutive performance and Runner up in APEX and Water awards by CII”.

I. The steps taken for energy conservation and its impact

Kagal Plant

- Installation of new energy efficient AC’s for offices
- Adoption of energy efficient VRV system for Air conditioning
- Replacement of old forklifts with new BS-V diesel forklifts
- Installation of new energy efficient air handing units for machining lines
- Installation of new energy efficient screw compressors
- Installation of new energy efficient lamps for machining lines
- Installation of new dryer for compressed air system

Khadki, Pune Plant

- Installation of BLDC Fan
- Replacement of conventional lights by LED
- Adoption of energy efficient VRV system for Air conditioning
- Zero Liquid Discharge Unit
- Celebration of Encon week 2025

Nashik Plant

- Installation of Water level controllers for cooling tower
- Installation of BLDC fans
- Replacement of conventional lights by LED
- Use of energy efficient motors/pumps for cooling tower
- Installation of FRL Unit for the pressure lines

Bhare Plant

- Energy-efficient Smoke extraction system for genset testing
- Replacement of conventional lights by LED
- Celebration of Encon week.

Rajkot Plant upto 10th October, 2025

- Installation of Fire Hydrant System Repair and New Motor
- Enhanced the energy efficiency of motors used in various facility operations.

II. Steps taken by the Company for utilising alternate sources of energy

During the Financial Year under review, 49% (10124140 kWh) of total electricity energy consumption at Kagal plant, with an approximate savings of ₹ 5.59 Crores was through units generated from Solar Captive Power Plant and third party renewable energy purchase. This includes 1854022 kWh electrical units which were purchased through third party open access renewable energy purchase mechanism.

At Khadki plant, 27% (2080599 kWh) of total electricity energy consumption was through Energy purchased from third party.

At Nashik plant, 26% (265165 kWh) of total electricity energy consumption was through Captive solar power plant with the savings of ₹ 30.20 Lakhs.

III. The capital investment on energy conservation equipment

The Company made a capital investment of ₹ 6.01 Crores on energy conservation equipment.

B. Technology absorption

i. Efforts made towards technology absorption

The Company maintains strong collaboration with key legislative and regulatory bodies, including the Petroleum Conservation Research Association (“PCRA”), Central Pollution Control Board (“CPCB”), and Bureau of Indian Standards (“BIS”). We also continue our partnerships with leading research institutes such as the Automotive Research Association of India (“ARAI”), Vehicle Research and Development Establishment (“VRDE”), and Indian Institute of

Technology (“IIT”), as well as industry associations including the Indian Diesel Engine Manufacturers' Association (“IDEMA”) and the Confederation of Indian Industry (“CII”).

In addition, we work closely with OEMs, end customers, and supplier partners to identify opportunities for product design, development, and continuous improvement.

ii. Benefits derived and results of above efforts, product improvements, cost reduction, product development, import substitution etc.

- Optiprime product development for Data centres and Real Estate market
- Fuel agnostic Sentinel series gensets development
- Value engineered products for domestic PG market
- EU Stage V Test bed certification completed for three test cells of KOEL
- ISO 26262, FuSa certification assessment completed for United States and Europe Market
- India's 1st 100% ISO-Butanol powered engine meeting CPCB-IV+
- CPCB regulatory approval for raw Biogas as fuel for domestic genset market
- New application development in High Horse Power (HHP) power segment like dump truck

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): NIL

iv. The expenditure incurred on Research and Development

(₹ in Crores)			
Sr. No.	Particulars	FY 2025-26	FY 2024-25
1	Revenue Expenditure	76.61	119.95
2	Capital Expenditure	39.87	89.65
3	Total R & D expenditure	116.48	209.59
4	Total R&D expenditure as % to sales	2.08%*	4.13%

*Derived based on sales from continuing operations only.

C. Foreign exchange earnings and outgoes

Total foreign exchange used and earned

(₹ in Crores)		
Total Foreign Exchange used and earned	FY 2025-26	FY 2024-25
Used	366.64	228.49
Earned	594.13	558.93

Annexure ‘C’ to the Board’s Report

Information Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Amendments thereunder

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year	Please refer to Annexure 'C-1' of this Report
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year;	Please refer to Annexure 'C-2' of this Report
3	The percentage increase in the median remuneration of employees in the Financial Year	12.63%
4	The number of permanent employees on the rolls of company	2298
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year 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	Average percentile increase in salaries of managerial personnel: 21.44 percentile Average percentile increase in salaries of non-managerial personnel: 26.84 percentile The salary increases are a function of various factors like individual performance vis-à-vis individual KRAs set and achieved, industry trends, economic situation, future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors is as per the Nomination and Remuneration policy of the company.
7	Particulars of employees posted and working in a country outside India, not being Directors or their relatives, drawing more than Sixty Lakhs Rupees per Financial Year or Five Lakhs Rupees per month.	There are no such cases.

Annexure to the Board’s Report - Annexure “C-1”

Sr. No.	Name of the Director	Ratio of remuneration of each Director to the median remuneration of the employees of the Company
1	Mr. Atul Kirloskar (upto close of working hours of 31 st March, 2026)	29.41
2	Ms. Gauri Kirloskar	127.85
3	Mr. Rahul C. Kirloskar	6.02
4	Mr. Arvind Goel	4.77
5	Mr. Vinesh Kumar Jairath	4.77
6	Mr. Satish Jamdar	6.96
7	Dr. Shalini Sarin	4.30
8	Dr. Kandathil M. Abraham	7.04
9	Mr. Yogesh Kapur	4.97
10	Mrs. Purvi Sheth	4.42
11	Mr. Srikumar Vijayasekharan (w.e.f. 11 th November, 2025)	NA

Note: Median is computed on the basis of permanent employees on the rolls of the Company for the full FY 2025-26 and FY 2024-25.

Annexure to the Board’s Report - Annexure “C-2”

Sr. No.	Name of the Director/KMP	Designation	% Increase/ (decrease) in the Remuneration
1	Mr. Atul Kirloskar (upto close of working hours of 31 st March, 2026)	Director	1.08%
2	Ms. Gauri Kirloskar	Director & KMP	55.81%
3	Mr. Rahul C. Kirloskar	Director	9.22%
4	Mr. Arvind Goel	Director	27.08%
5	Mr. Vinesh Kumar Jairath	Director	(21.79%)
6	Mr. Satish Jamdar	Director	21.09%
7	Dr. Shalini Sarin	Director	25%
8	Dr. Kandathil M. Abraham	Director	5.88%
9	Mr. Yogesh Kapur	Director	3.25%
10	Mrs. Purvi Sheth	Director	1.80%
11	Mr. Srikumar Vijayasekharan w.e.f. (11 th November, 2025)*	Director	NA
12	Mr. Rahul Sahai	CEO & KMP	3.18%
13	Mr. Sachin Kejriwal	CFO & KMP	49.73%
14	Ms. Farah Irani	CS & KMP	101.59%

Note:

*Director was appointed during the year ended 31/03/2026. As such the remuneration of this Director is not considered.

Annexure ‘D-1’ to the Board’s Report

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014] including amendments thereunder and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder]

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2026

To,
The Members, of
Kirloskar Oil Engines Limited
13, Laxmanrao Kirloskar Road, Khadki,
Pune - 411 003.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR OIL ENGINES LIMITED**, (CIN L29100PN2009PLC133351) hereinafter called the Company. Secretarial Audit was conducted in a manner that provided us with 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 authorised 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 31st March, 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2026 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment, Foreign Direct Investment and External Commercial borrowing;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) 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, 2009; - [No incidence during the audit period, hence not applicable]
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [No incidence during the audit period, hence not applicable]
- (f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 & 2025 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009/2021; [No incidence during the audit period, hence not applicable]
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [No incidence during the audit period, hence not applicable]
- (vi) No other law is applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) entered into by the Company with the BSE Ltd. & National Stock Exchange of India Ltd.;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that the prior approval for the related party transaction between Kirloskar International ME FEZ, UAE, a wholly owned subsidiary and Kirloskar DMCC a related party of the Company to which the Holding Company/KOEL was not a party, during the period October 2025 to March 2026 [not a material Related Party Transaction and the same was at arm’s length basis]

was not obtained pursuant to Regulation 23(2)(c) of the listing regulations, and subsequently approved in the Audit Committee Meeting held on 14th May, 2026.

We further report that,

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except for Board/Committee Meetings held with shorter notice whenever required in compliance with SS 1) and 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 the decisions in the Board Meeting were taken unanimously during the audit period.

We further report that there are adequate software 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 following events have occurred which could have bearing on the affairs of the Company:

a) During the audit period the Company transferred Business to Customer (“B2C”) business undertaking i.e. Water Management Solutions (“WMS”) – Domestic & Exports Business by way of slump sale as a going concern to its wholly owned subsidiary, 'KOEL Fluid Dynamics Private Limited' (“KFD”) (Formerly known as La-Gajjar Machineries Private Limited (“LGM”)). The consideration was in the form of issuance and allotment of 10,65,150 equity shares of KFD having face value of ₹10/- each to the Company, on a private placement basis,

AND

b) During the audit period, for expansion of business operations, the Company has incorporated a wholly owned subsidiary Kirloskar Advanced Systems Private Limited with proposed initial investment of ₹9 Cr.

Our report should be read along with the annexed Disclaimer letter of even date forming part of this report.

For **M. J. Risbud & Co**

Sd/-
Mahesh J. Risbud
Proprietor
FCS No.: 810 CP No.: 185
UCN – S1981MH000400
PR – 1089/2021
UDIN: F000810H000357287

Place: Pune
Date: 14th May, 2026

To,
The Members
Kirloskar Oil Engines Limited
Pune

Our report of even date is to be read along with this annexure:

1. Maintenance of record is the responsibility of the management of the Company. Our responsibility is to express my opinion on these records based on my audit.
2. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards, is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis/check lists basis to ensure that correct facts are reflected in records. We believe that the processes and practices we followed provide a reasonable basis for my opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
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 **M. J. Risbud & Co**

Sd/-
Mahesh J. Risbud
Proprietor
FCS No.: 810
C. P. No.: 185
UCN: S1981MH000400

Place: Pune
Date: 14th May, 2026

Annexure ‘D-2’ to the Board’s Report

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including amendments thereunder and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder]

SECRETARIAL AUDIT REPORT

FOR THE PERIOD ENDED ON 31st MARCH, 2026

To,
The Members,
Arka Financial Holdings Private Limited
(CIN - U65993MH2021PTC363806)
2504, 2505, 2506, 25th Floor, One Lodha Place,
Lodha World Towers, Senapati Bapat Marg,
Lower Parel, Mumbai, Maharashtra, India, 400 013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ARKA FINANCIAL HOLDINGS PRIVATE LIMITED (CIN - U65993MH2021PTC363806)** (hereinafter called “the company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised 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 31st March, 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on **31st March, 2026** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings *(To the extent Applicable to the Company during audit period)*;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) to the extent applicable:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company during audit period)**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company during audit period)**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during audit period)**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not Applicable to the Company during audit period)**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2015; **(Not Applicable to the Company during audit period)**
 - f. The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable to the Company during audit period)**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during audit period)** and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during audit period)**;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that –

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

Adequate notice is given to all directors to schedule the Board Meetings, the agenda and detailed notes on agenda were sent in the prescribed time i.e. seven days in advance. However, 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. The Company has generally complied with the provisions of Secretarial Standards.

All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

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

We further report that during the year under review,

- i. The Board of Directors of the Company at their meeting held on 16th April, 2025 approved the following appointment and re-designation of following Director and Key Managerial Personnel:
 - Re-designation of Mr. Samrat Gupta as Non-Executive Non-Independent Director, subject to approval of the shareholders of the Company;
 - Appointment of Mr. Anand Bang as Manager designated as Key Managerial Personnel of the Company, subject to approval of the shareholders of the Company;
 - Appointment of Mr. Girish Kulkarni as Chief Financial Officer of the Company designated as Key Managerial Personnel of the Company.
- ii. The Board of Directors of the Company at their meeting held on 16th April, 2025 noted the resignation of Ms. Ridhi Gangar as Chief Financial Officer of the Company.
- iii. The Board of Directors of the Company at their meeting held on 16th April, 2025 re-commended the appointment of Directors in wholly owned subsidiary Company “Arka Investment Advisory Services Private Limited (AIASPL)”.
- iv. The Board of Directors of the Company at their meeting held on 25th July, 2025 noted the resignation of Mr. Girish Kulkarni as Chief Financial Officer of the Company.
- v. The Board of Directors of the Company at their meeting held on 25th July, 2025 approved the appointment of Mr. Rohit Kumar as Chief Financial Officer designated as Key Managerial Personnel of the Company.

- vi. The Board of Directors of the Company at their meeting held on 25th July, 2025 noted that the Securities Allotment Committee of Arka Fincap Limited (“the Subsidiary Company/ AFL”) through their circular resolution dated 5th April, 2025, and 4th June, 2025, approved transfer of equity shares held by the Registered Owner where the beneficial interest in the said equity share was held by the Company, as per the details given below:

Sr. No.	Name of the Transferor	Number of shares	Name of Transferee
1.	Mr. Mridul Sharma	1 (One)	Mr. Ankit Pagaria
2.	Mr. Manish Nagarsekar	1 (One)	Mr. Girish Kulkarni
3.	Mr. Mahesh Chhabria	1 (One)	Mr. Atit Shah
4.	Mr. Amit Kumar Gupta	1 (One)	Mr. Samrat Gupta
5.	Mr. Sonit Singh	1 (One)	Mr. Anand Bang

- vii. The Board of Directors of the Company at their meeting held on 25th July, 2025 noted the resignation of G. D. Apte & Co, Chartered Accountants as Statutory Auditors effective 6th August, 2025.
 - viii. The Board of Directors of the Company at their meeting held on 25th July, 2025 recommended the appointment of Sudit K. Parekh & Co. LLP., Chartered Accountants as statutory auditors to fill in the casual vacancy caused by the resignation of G. D. Apte & Co, Chartered Accountants as Statutory Auditors and to hold office effective 6th August, 2025 and until the conclusion of the AGM held on 6th August, 2025.
 - ix. The Board of Directors of the Company at their meeting held on 25th July, 2025 recommended the appointment of Sudit K. Parekh & Co. LLP., Chartered Accountants as statutory auditors for a continuous period of 3 (three) years commencing from the conclusion of the 4th Annual General Meeting held on 6th August, 2025 till the conclusion of 7th Annual General Meeting of the Company to be held in the year 2028.
 - x. The Board of Directors of the Company at their meeting held on 25th July, 2025 noted that the Securities Allotment Committee of Arka Fincap Limited (“the Subsidiary Company/ AFL”) through their circular resolution dated 11th August, 2025 approved transfer of equity shares held by the Registered Owner where the beneficial interest in the said equity share was held by the Company, as per the details given below:
- | Sr. No. | Name of the Transferor | Number of shares | Name of Transferee |
|---------|------------------------|------------------|--------------------|
| 1. | Mr. Girish Kulkarni | 1 (One) | Mr. Rohit Kumar |
- xi. The Members of Company at their Annual General Meeting held on 6th August, 2025 approved the following:
 - 1. Re-designation of Mr. Samrat Gupta (DIN: 07071479) from his existing role of Managing Director of the Company to Non- Executive, Non-Independent Director of the Company with effect from 17th April, 2025.

2. Appointment of Mr. Anand Bang as “Manager” for a term of five (5) years with effect from 17th April, 2025.
3. Appointment of Sudit K. Parekh & Co. LLP, Chartered Accountants (Firm Registration No.10512W/W100378) as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of G. D. Apte & Co., Chartered Accountants (Firm Registration No. 100515W) effective from 6th August, 2025 till the conclusion of the AGM.
4. Appointment of Sudit K. Parekh & Co. LLP, Chartered Accountants (Firm Registration No. 10512W/W100378) as Statutory Auditors of the Company for a continuous period of 3 (three) years commencing from the conclusion of this 4th Annual General Meeting till the conclusion of 7th Annual General Meeting of the Company to be held in the year 2028.

We further report that during the audit period there was no other event/action having major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards.

For **Mayekar & Associates**
Company Secretaries
Firm U.I.N - P2005MH007400

Sd/-
Anil Vasant Mayekar
Partner
FCS – 2071, COP – 2427
U.D.I.N – F002071H000253905

Date: 04/05/2026
Place: Mumbai

Annexure A

To,
The Members,
Arka Financial Holdings Private Limited
(CIN - U65993MH2021PTC363806)
2504, 2505, 2506, 25th Floor, One Lodha Place,
Lodha World Towers, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai, Maharashtra, India, 400 013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our 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 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 our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening 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 test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mayekar & Associates**
Company Secretaries
Firm U.I.N - P2005MH007400

Sd/-
Anil Vasant Mayekar
Partner
FCS – 2071, COP – 2427
U.D.I.N - F002071H000253905

Date: 04/05/2026
Place: Mumbai

Note: This report is to be read with our letter of even date which is annexed as Annexure ‘A’ and forms an integral part of this report.

Management Discussion and Analysis

Kirloskar Oil Engines Limited (KOEL) operates in a dynamic environment shaped by evolving energy needs, infrastructure growth, and rising focus on efficiency and sustainability.



Guided by its 'Made in Kirloskar' philosophy, the Company continues to advance indigenous engineering, technology-led manufacturing, and in-house innovation to deliver reliable, high-performance solutions like internal combustion engines and generator sets. Its 2B2B vision further strengthens engagement across the value chain through closer partnerships with OEMs, EPC players, and institutional customers.

During the year, the Company restructured its business by transferring its B2C business to KOEL Fluid Dynamics Limited, sharpening focus on core B2B (Power & Energy) segments while enabling independent growth for the consumer business. It also incorporated a wholly owned subsidiary, Kirloskar Advanced Systems Pvt. Ltd., marking its strategic entry into high-growth sectors such as defence and railways.

These initiatives reflect a calibrated shift from a product-centric model to a focused, solutions-led structure, positioning KOEL on track to create sustainable value and secure long-term growth. This section outlines the key industry trends, business performance, strategic priorities, and risks and opportunities shaping the Company's outlook.

To strengthen its presence in Africa region, on 11th February, 2026, the Company announced that its wholly owned subsidiary Kirloskar International ME FZE, UAE ("KIME") will acquire 100% stake in Kirloskar Trading SA (PTY) Limited ("KT SPL"). Thus connecting with customers more closely and to enable market growth in Powergen segment through focus on data center and engineered products while enhancing its distribution network in the region.

Economic review

An overview of global economy

The world economy stayed resilient in CY 25, growing 3.4% even amid unabated geopolitical crises, scattered trade fragmentations, and challenging fiscal conditions.

3.4%

Global GDP growth rate

Growth trends remained uneven across regions. While advanced economies suffered a steeper slowdown because of policy tightening and structural headwinds, emerging markets and developing economies managed to pull off relatively stronger growth, fuelled by domestic demand and investment activity. The US economy was rather resilient on the back of a robust consumption and a strong labour market, accelerating 2.2% in CY 26. The Eurozone, on its part, made a gradual recovery amid continued weakness in manufacturing activities.

Downside risks dominate the global economic outlook. A protracted conflict between Ukraine and Russia and extended US-Iran war, leading to greater trade fragmentation, a reassessment of expectations surrounding AI-driven productivity, or brewing trade disputes among major economies may significantly weaken the global growth and destabilise the financial market. Elevated public debt and eroded institutional credibility made the economy more vulnerable¹.

With the economic growth likely to average below the pre-pandemic level, the world may skid into a prolonged lower-growth trajectory if policy coordination remains limited. On the other hand, emerging economies, particularly those in Asia, are expected to remain the key contributors to global growth, with India continuing to stand out as one of the fastest-growing major economies.

¹International Monetary Fund

Management Discussion and Analysis

A perspective on the Indian economy

India kept up a strong economic momentum since last fiscal, expanding 7.7% in FY 25-26, maintaining its position as the fastest-growing major economy¹. The growth was supported by rising private consumption, steady agricultural output, improving urban and rural demand, and sustained public capital expenditure.

India's macroeconomic fundamentals remained stable, with investment activities supported by infrastructure spending and policy initiatives such as the Production Linked Incentive (PLI) scheme and Make-in-India mission. In sync with a robust domestic consumption, the country's industrial activity stayed strong, with the Index of Industrial Production (IIP) rising 7.8% in December 2025 and infrastructure/construction goods growing 12.1%. Capital expenditure increased by 10.1% to ₹11.11 lakhs crores in the Union Budget 25-26, aiding construction and equipment demand.

Power and infrastructure trends significantly shaped the demand in the end-market. While the peak power demand reached a record 242.49 GW in June 2025, persistent last-mile constraints continued to drive demand for backup power solutions, despite the overall shortages declining to 0.03%, according to power ministry data. Rapid expansion in renewable energy took the installed capacity to 178 GW. An additional 44.5 GW added in 2025 increased grid intermittency and ramping requirements, driving the adoption of hybrid and firming power solutions².

The power sector in India got a shot in the arm from a boom in data centers and demand rising from digital infrastructure. Demand from these two areas is likely to scale from 1.5 GW in 2025 to 6.5 GW by 2030³.

The rise of smaller cities and soaring sectoral growth in infrastructure, defence, railways, and agriculture kept the demand for engines, gensets, and related solutions at an accelerated pace.

Although the economic environment in India is expected to support this growth, there are looming threats of a potential global slowdown due to the continued geopolitical risks.

An evolving regulatory landscape

A stricter regulatory regime of CPCB IV+ was made mandatory in July 2024 as part of India's pledge to go Net Zero on emissions by 2070. The full implementation of CPCB IV+ guidelines for gensets up to 800 kW mandates significant reduction in particulate matter and NOx emissions, accelerating the shift towards advanced technologies such as CRDI systems, after-treatment solutions, and dual-fuel configurations.

The CEV Stage V guidelines for construction equipment laid out stricter emission standards and advanced filtration technologies, while deferring compliance timelines for TREM Stage V tractors to balance industry transition. Region-specific mandates, such as the 70% gas-based dual-fuel requirement in the NCR, eased the transition to cleaner fuels, according to the Commission for Air Quality Management (CAQM).

Government policy support in the infrastructure, energy, and industrial sectors firmed up long-term demand visibility. Investments in railways, defence, and large-scale infrastructure projects, along with initiatives such as the National Infrastructure Pipeline and manufacturing incentive schemes, supported demand for engines and power solutions. Clean energy initiatives, including allocations towards nuclear energy, the National Green Hydrogen Mission, and PM Surya Ghar Yojana, and Battery Energy Storage Systems (BESS), accelerated the shift towards hybrid and low-carbon energy ecosystems.

Rural and MSME-focused initiatives such as Jal Jeevan Mission, PM-KUSUM, and targeted credit programmes supported decentralised power demand while gradually reshaping the market towards cleaner alternatives.

On the global front, the strained trade ties between the US and China over tariff barriers created room for India to emerge as a manufacturing and export hub as part of the China+1 strategy of the West. Engineering exports, particularly IC engines and components, reaped the benefits with a 13% y-o-y growth⁴.

At the same time, geopolitical uncertainties and energy transition imperatives accelerated investments in alternative fuels and hybrid technologies, reaffirming the strategic importance of compliant, efficient, and future-ready power solutions.

Industry overview

Powergen business

Global powergen scenario¹

In CY 25, the global power generation landscape was shaped by a surge in electricity demand, driven by the rapid growth of hyperscale data centers and AI workloads.

The global power generation industry scaled approximately \$2,072.06 billion in the preceding year. Expansion of AI-driven computing is increasing the demand for high-density, uninterrupted power, while continued worldwide adoption of Electric Vehicles (EVs) is reshaping distribution requirements.

Even as the transition to renewable energy accelerates, conventional generation remains critical for ensuring energy security and providing baseline stability for intermittent sources. This 'dual-track' energy mix underscores increasing reliance on fuel-agnostic and hybrid systems to balance sustainability with reliability.

Accordingly, the global power generation market is expected to grow at 5.2% in CY 26, as countries address the need to upgrade ageing energy infrastructure to support a digital-first, electrified economy.

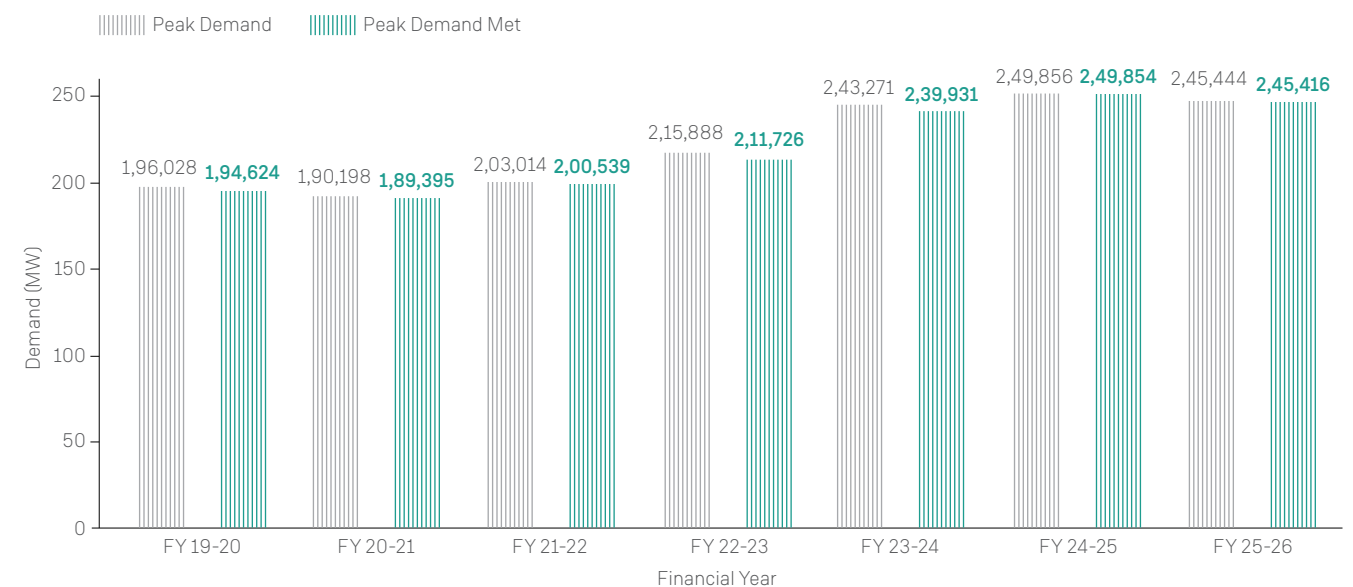
Indian Powergen scenario^{2,3}

India remains a global frontrunner in the energy transition, supported by strong industrial growth and a record government infrastructure allocation of ₹11.21 lakhs crores in the latest budget estimates.

Domestic electricity demand rose above 245 GW in the previous cycle, reflecting 4.2% growth driven by rapid urbanisation and the Make-in-India initiative. A key contributor is the expansion and modernisation of the Indian Railways and Metro networks, requiring advanced standby and prime power solutions for critical signalling and operations.

Government initiatives such as PMAY-G and the push for a 'Self-Reliant India' in defence and manufacturing are further increasing the need for reliable, decentralised energy. As India strengthens its position as a global manufacturing hub, aided by the China +1 strategy of the West, demand for high-performance, emission-compliant power systems has intensified, highlighting the need for localised engineering excellence to ensure long-term energy resilience.

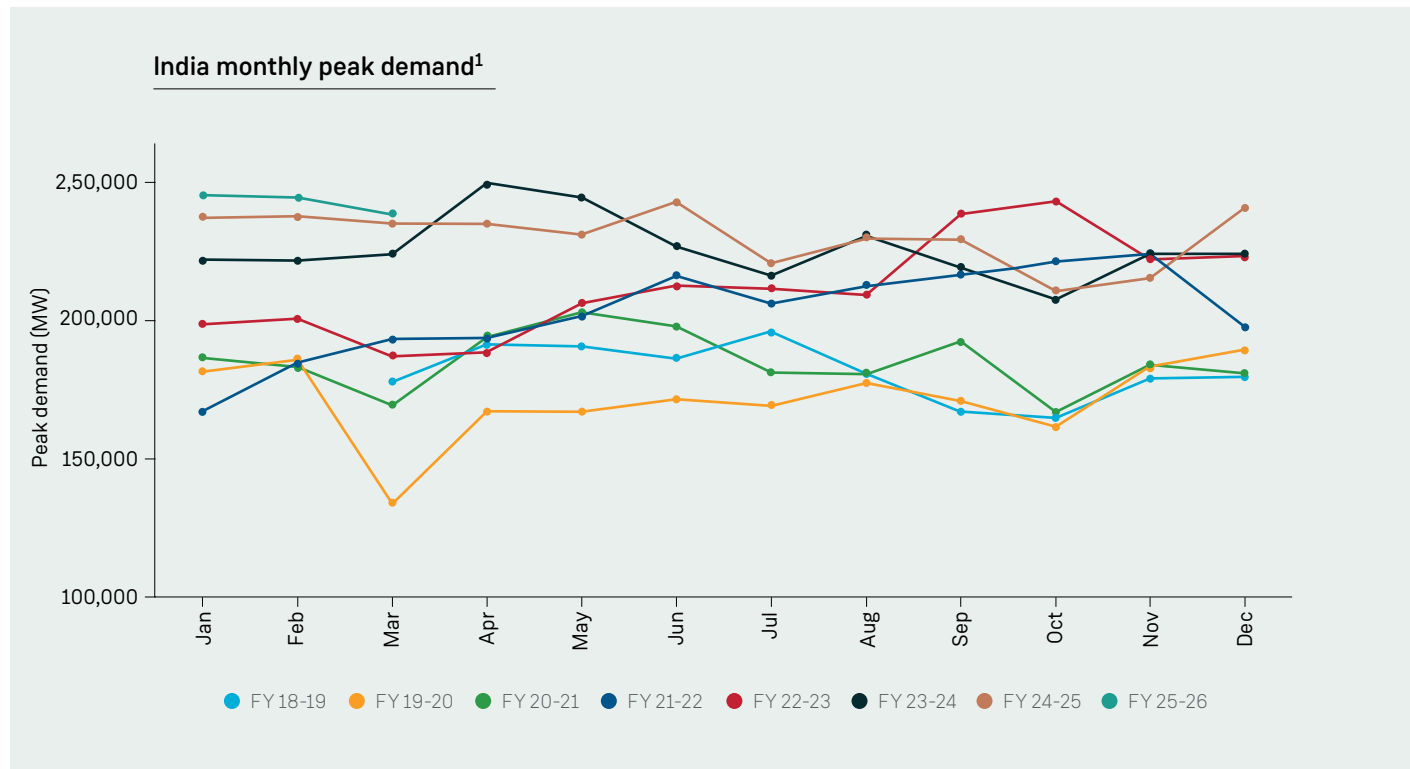
Comparison of maximum power demand met vs total demand (met + shortage)³



¹Press Information Bureau ²Press Information Bureau ³Council on Energy, Environment and Water ⁴Engineering Export Promotion Council

¹The Business Research Company ²PIB ³India Climate & Energy Dashboard, NITI Aayog

Management Discussion and Analysis



Industrial business

Global industrial scenario

The global industrial B2B market is projected to reach \$11.53 trillion by 2030 for physical distribution². Industrial machinery alone is expected to exceed \$847 billion by 2030, with the \$206 billion industrial construction business growing in sync.

Specialised logistics and safety segments are also expanding strongly, averaging 7-10% growth rates with Industry 4.0 implementation. The sector is undergoing a major transformation driven by automation, artificial intelligence (AI), and decarbonisation initiatives in North America and Europe. Asia-Pacific and ASEAN benefit from supply chain diversification and rising manufacturing, infrastructure and investment, while the Middle East gains from diversification and giga projects. South America and Africa are led by mining demand and agricultural modernisation.

Asia-Pacific remains the largest market, while North America leads in technology integration and advanced industrial adoption.

Indian industrial scenario

The Indian industrial sector is being propelled by significant government-led capital expenditure and policy support across infrastructure, defence, manufacturing, energy, and agriculture. For FY 25-26, the infrastructure outlay was a record ₹11.21 lakhs crores, equivalent to around 3.1% of the GDP.

Railways remain a key driver of India's infrastructure development, with a capital outlay of ₹2.93 lakhs crores in the Union Budget. Together with PM Gati Shakti initiative, this is expected to create significant opportunities for the industrial, manufacturing, and engineering sectors.

Defence allocation for FY 26-27 stands at ₹7.85 lakhs crores, including a capex of ₹2.19 lakhs crores. Around 75% of the modernisation budget is earmarked for domestic procurement. Industrial development is further supported by ₹8,658 crores already invested in Defence Industrial Corridors, alongside a ₹53,439 crores potential pipeline.

The Production Linked Incentive (PLI) scheme, with a total outlay of ₹1.91 lakhs crores across 14 sectors, as proposed in the Union Budget for FY 26-27, remains a key catalyst for private investment into manufacturing. Additional momentum comes from ₹20,000 crores earmarked for the Nuclear Energy Mission, ₹19,327 crores for petroleum and natural gas, ₹3.86 lakhs crores for the National Monetisation Pipeline, and ₹1.40 lakhs crores allocated to farm sector modernisation in FY 26-27.

The Indian market unleashed strong opportunities across core industrial segments in 2026. At \$790 billion, construction was the primary growth engine, while major ports handled a record 915 million tonnes of cargo in FY 25-26, and defence exports reached a record ₹38,424 crores.

India also remains the world's third-largest oil consumer, with the sector looking at an investment of \$25 billion in exploration and production. The country's nuclear capacity of 8.8 GW stays the course to reach 100 GW by 2047, when the government hopes to transform India into a developed economy.



Fluid Dynamics (FD)

Fluid management is critical to sustainable growth. The statement is validated by a 5% y-o-y growth in the international pump market to \$64.3 billion. On the home front, the market surged over 6% to \$2 billion, driven by advanced technology, use of AI-powered systems, industrial expansion, and subsidies in agriculture, urbanisation, and infrastructure development. While the Indian market remains 70% agricultural and residential, there is a significant shift towards high-margin industrial segments, solar adoption, and IoT integration.

Performance overview



Kirloskar Oil Engines Limited (KOEL) is a leader in the manufacturing of internal combustion engines and generator sets, commanding a strong presence in both the domestic as well as international markets. The Company also offers solutions across farm mechanisation and water management.

We manufacture air-cooled and liquid-cooled engines for generator sets, ranging from 1 kW to 10 MW and supply engines for construction, earth-moving, marine, mining, railways, fluid

handling and agricultural applications. We also offer alternative fuel solutions such as biodiesel, natural gas, Hydrogen Fuel Enhanced Combustion (HFEC), ethanol, methanol, Hydrotreated Vegetable Oil (HVO), hythane, hydrogen-diesel blend, pure hydrogen, isobutanol and biogas-based engines. KOEL ranks among the top global genset brands, operating the largest fleet of IoT-enabled gensets.

Our advanced research and engineering facility enables complete in-house development and compliance with the stringent emission and noise regulations.

Our portfolio spans powergen, industrial engines, firefighting systems, farm equipment, electric motors and fluid solutions and we cater to a diverse set of sectors, including residential, telecom, infrastructure, defence, hospitality, data centers, manufacturing, mining, agriculture and fisheries. With a strong focus on customer-centric innovation and value creation, we continue to evolve while embedding sustainability across our operations and offerings.

¹India Climate & Energy Dashboard, NITI Aayog

²Modor Intelligence

Management Discussion and Analysis

Key Highlights for FY 25-26

- Successfully launched the Optiprime series, world's most space-efficient gensets and delivered the world's smallest 1,000 kVA gensets for MENA and North American markets.
- Secured IP and patents for India's first hydrogen-engine-based gensets, positioning KOEL for entry into European and North American green energy markets.
- Transferred our B2C business to its 100% subsidiary KOEL Fluid Dynamics Pvt.Ltd., by way of slump sale, sharpening focus on core B2B (Power & Energy) segments.
- Incorporated Kirloskar Advanced Systems Pvt. Ltd., a wholly owned subsidiary, marking strategic entry into the defence and railways sectors.
- Announced 100% acquisition of KTSPL for strengthening its market position with more customer focused solutions in Powergen and Industrial Engines Business.
- Advanced the data center solutions portfolio with the launch of Optiprime with certified DCCP ratings up to 2,400 kW, delivering reliable, high-performance power solutions for mission-critical data center applications.



Growth strategy

KOEL's strategic focus for FY 25-26 centred on high-margin segments, energy transition, and global expansion, hitting major milestones in its long-term roadmap. For the upcoming fiscal year, KOEL is pivoting towards high-value engineering, digital manufacturing, and a fuel-agnostic product portfolio to capture emerging demand at home and beyond.

FY 25-26 – Core

- ▶ Execution of manufacturing strategy
- ▶ Capacity utilisation of fluid dynamics

FY 26-27 – Develop

- ▶ Complete execution of the technology roadmap
- ▶ Increase the share of business of Arka Retail

FY 28-29 – Novel

- ▶ Improve share of business in defence and retail
- ▶ Expand to non-ICE programmes but in line with the core business
- ▶ Complete fluid dynamics product portfolio

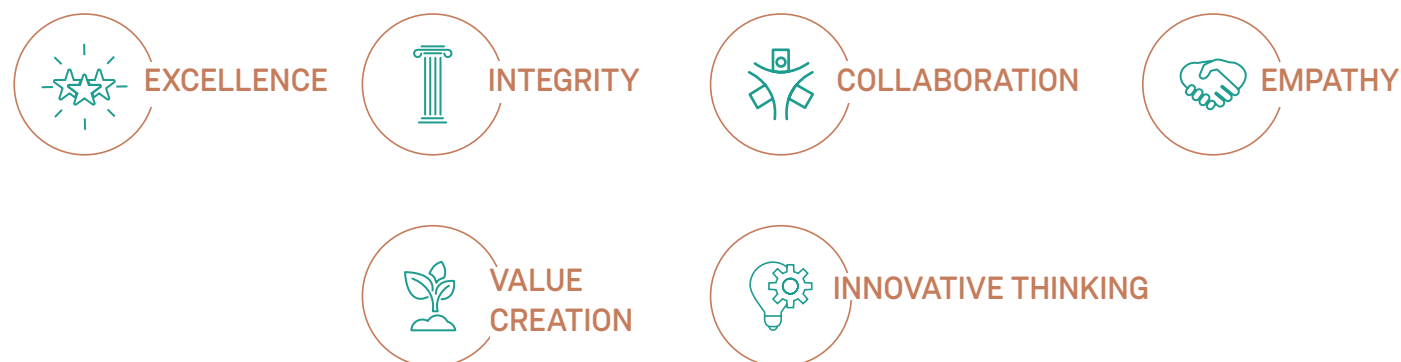
FY 27-28 – Expand

- ▶ Inorganic growth opportunities in line with core strategies
- ▶ Increase international market share
- ▶ Market share improvement of fluid dynamics segment

FY 29-30 – \$2 billion (consolidated revenue) – 2B2B strategy

- ▶ Final year of mission of \$2 billion (consolidated ₹16,000 crores)

OUR VALUES



Management Discussion and Analysis

Business segments

Segments and product lines:

Power and Energy segment

- Powergen: Engine and gensets
- Industrial: a) Industrial engines; b) Power solutions for large/institutional project clients (marine, defence, nuclear, etc.)
- Distribution and aftermarket: a) spares, services and after sales support; b) Finished products
- New Energy and Electric & Electronics: Solar, BESS, microgrid, electrolyzers, fuel cells, controllers, power electronics, electric motors, HV/MV motors
- International

Fluid Dynamics segment

- Engine based pumps
- Electric pumps
- Industrial pumps
- International

Arka Group

- Financial services

Power and Energy segment

Our Power and Energy segment operates in the field of power solutions, offering internal combustion engines, fuel-agnostic gensets, and customised power systems across sectors such as infrastructure, healthcare, hospitality, data centers, defence, and industrial applications in Indian and overseas markets.

Backed by strong R&D, we focus on environmentally responsible, emission-compliant technologies, with innovations such as IoT-enabled gensets and the hybrid Optiprime series enhancing efficiency and sustainability. This is complemented by a robust service network of over 500 outlets and more than 3,000 professionals, further strengthened by digital platforms like Kirloskar Remote Monitoring (KRM) for proactive maintenance and faster service response.

Powergen business

KOEL is among the world's largest manufacturers of power generating sets. We specialise in air-cooled and liquid-cooled engines and diesel generator sets, covering a power range from 1 kW to 10 MW. KOEL's engines and generator sets are also certified to meet stringent noise and exhaust emission standards prescribed by the Central Pollution Control Board (CPCB), India.

Key product offerings:

- Fuel agnostic gensets
- Energy storage solutions
- Dual fuel solutions
- Modular energy solutions
- Microgrids

₹ 2,598 cr

Sales in FY 25-26

28%

Market share

We strengthened our market leadership by commencing the 4X5Y journey with strong performance in FY 25-26. Our strategic focus remains on defending our dominant LHP share while expanding in the MHP and HHP segments.

Key achievements include:

- Penetration into data centers, real estate, manufacturing segments with our Optiprime portfolio
- Deployment of CPCB IV+ compliant solutions for Indian Railways and metro networks
- Product expansion through the space-efficient Optiprime and Sentinel series led to the delivery of the world's smallest 1,000 kVA gensets, strengthening our presence in the MENA and North American markets
- Introduced the next-generation hybrid Optiprime Power Systems with certified DCCP ratings from 600 kW to 2,400 kW, strengthening the Company's data centers power solutions portfolio

Despite challenges such as geopolitical volatility in the Middle East, fluctuating commodity costs, and forex pressures, our commitment to 100% in-house R&D ensures high indigenous value.

Business outlook

The outlook remains positive, supported by expanding opportunities in data centers, infrastructure projects, and increased penetration in railways and metro segments. Growing demand from these sectors, coupled with a strong export focus, is expected to drive sustained growth and strengthen market presence across domestic and international markets.

Furthermore, investments across four technology tracks, including fuel cells and energy storage, position us to lead the next phase of smart, sustainable energy solutions.

Industrial business

KOEL's industrial engines business segment offers a comprehensive range of engines from 20 hp to 13,500 hp, catering to diverse customer requirements. We manufacture engines for a wide spectrum of industrial applications, serving the key sectors of the economy.

The Company offers a diverse range of products designed to meet applicable emission requirements across different segments and power ranges. These products comply with relevant government-mandated emission norms, including CEV Bharat Stage V where applicable, reflecting the Company's commitment to regulatory adherence and environmental responsibility and demonstrating its strong R&D capabilities.

Engines for equipments:

- Earth moving
- Construction
- Material handling
- Agriculture
- Marine
- Defence
- Rail
- Fluid handling

₹ 1,444 cr

Sales in FY 25-26

The business unit achieved a significant y-o-y growth in FY 25-26, reasserting the Company's cohesive, cross-functional efforts. While this progress was broad-based, the railways, defence, and marine segments outperformed others, exceeding a 40% growth rate each.

The government's Aatmanirbhar Bharat initiative, which has acted as a catalyst for domestic procurement and reduced reliance on imports, has prompted a strategic push towards infrastructure modernisation and advanced defence capabilities.



Management Discussion and Analysis

Improvements in FY 25-26:

- **Proactive market share acquisition:** Our sales team was aggressive to secure market share from our competitors by positioning KOEL as a strategic growth partner, rather than a traditional vendor. We succeeded in grabbing a larger market pie in both high-volume and specialised high-margin segments.
- **Sales & Operations Planning (S&OP) framework:** We were able to plan better due to a clearly laid down S&OP, which enabled us to be more disciplined in deliveries.
- **Expanding wallet share through lifecycle innovation:** We ventured into new avenues for each segment like repowering, and composite orders with service and spares. This fetched us additional revenue and helped raise the wallet share from existing customers.
- **Fluid handling business:** This segment also achieved a key milestone with the launch of high-speed engines for firefighting pumps.

Segment specific growth drivers:

- **Defence and non-ICE portfolio:** Our growth is anchored by a robust order book for high-reliability power backup systems for the Indian Army. A pivotal achievement in our non-ICE portfolio was the successful test-firing of 'Pralay Missile' warhead casings, positioning Kirloskar for nomination-based supply opportunities.
- **Marine:** We continue to see a consistent flow of orders from the Indian Navy and Coast Guard, focused on the operational readiness of the national fleet. We have also reached critical milestones in the Navy's Make-1 Project Daksha and are on track to deliver the project on time.
- **Railways:** The success in this sector is headlined by the exceptional execution of our Power Car business, which surged 47% in the fiscal year under review.
- **Nuclear power:** We are on track to deliver indigenous 6.3 MW engines for the prestigious NPCIL Kudankulam Project. Our open-licence agreement for the localised production of SEMT Pielstick engines strengthens our foothold in Emergency DG sets for future nuclear power plant projects in India.

Business outlook

The outlook for the business unit remains positive, supported by strong tailwinds from infrastructure expansion and digital hubs. Massive public investment in transport, construction, AI-powered data centers, and high-tech manufacturing is driving the demand globally, while India continues its infrastructure push with planned spending of 3.1% of its GDP. The energy transition is creating demand for grid modernisation, backup power storage, and Small Modular Reactors (SMRs). Industrial automation is also rebounding, with companies upgrading their plants through AI and predictive maintenance to reduce downtime, while manufacturers adopt an AI-based supply chain planning to meet global standards.

At the same time, supply chains are being strategically realigned through supplier diversification and multimodal logistics to improve deployment speed, while India's Aatmanirbhar momentum, backed by record defence production of ₹1.50 lakhs crores and the infrastructure outlay is expected to create multi-year opportunities for domestic industrial players.

Distribution and aftermarket business

KOEL's distribution and aftermarket business is focused on delivering a seamless customer experience. A deep understanding of customer expectations remains central to this approach, helping it to align the offerings with evolving customer needs.

Key channels

- Service channel
- Direct channel
- Retail channel

₹ 968 cr

Sales in FY 25-26

Our distribution and aftermarket business has grown significantly in the past year on the back of initiatives like improvement in service penetration, dealer consolidation, digital transformation, launch of whole goods, introduction and focused campaigns on products and Annual Maintenance Contracts (AMCs).

We have restructured our distribution and aftermarket business unit, to enhance focus on major accounts by building dedicated service teams for key Powergen and industrial customers. We are working on firming up our product management and operations as part of our restructuring initiative.

Service channel

Service and revenue organisations are responsible for the overall aftermarket support of KOEL gensets, engines and allied products. It is supported by the service dealership network.

The Kirloskar CARE brand continues to be a cornerstone of our value proposition in the service channel, providing dedicated after-sales support for our Powergen and industrial products. Our network of service touchpoints and service engineers is integrated through a unified digital platform to ensure seamless service delivery and service experience across the country.

~500

Service touchpoints all over India

11%

y-o-y increase in service engineers



Initiatives undertaken to enhance the service channel capabilities:

- To support our transition to CPCB IV+ and CEV BSV emission norms, we have focused on upgrading the technical skills of our service channel and technicians, ensuring the availability of specialised diagnostic tools across all regions and maintaining a robust supply chain for the specific spare parts required for these advanced engines.
- To support our customer retention and revenue growth, we have improved service penetration through customer connect initiatives, focusing on Bandhan (AMC) and extended warranty (Anubandhan) programmes for enhanced customer retention, higher share of wallet with AMC customers through comprehensive service events and by allowing service dealers to enter into maintenance contracts directly with customers.
- Introduction of finished products such as Nulife, remanufactured gensets and engines, mobile light towers, portable gensets and addressing repowering opportunities in the market were added to the existing portfolio to increase the ticket size of transactions and to attract new customers.
- To ensure infrastructure and future readiness, we are investing in high-tech infrastructure to provide proactive support.
 - **The Rapid Response Centre:** It allows us to remotely monitor the performance of CPCB IV+ gensets in the field and address issues before they cause any downtime.
 - **Dealer Response Team (DRT) and Command Centre:** These initiatives help strengthen frontline technical capability through dedicated Dealer Rapid Response Teams. It was rolled out in September 2025 and we scheduled DRT trainings in FY 26-27 to improve customer experience. The Command Centre is expected to support real-time issue tracking and escalation. This programme is designed to create a responsive, technically strong dealer network for quicker resolution.
 - **HHP capability enhancement in channel initiatives:** Specialised training programmes were conducted for on-the-field service engineers. The initiative included hands-on sessions to build deeper technical competence on High Horse Power (HHP) engines. We aim for elevating field readiness, improving diagnostic accuracy, and strengthening service processes to provide an improved customer experience.

Management Discussion and Analysis

Key operational highlights for FY 25-26

Pan India footprint

The network

44

Aftermarket dealers for service

The force

3,300+

Service engineers

The availability

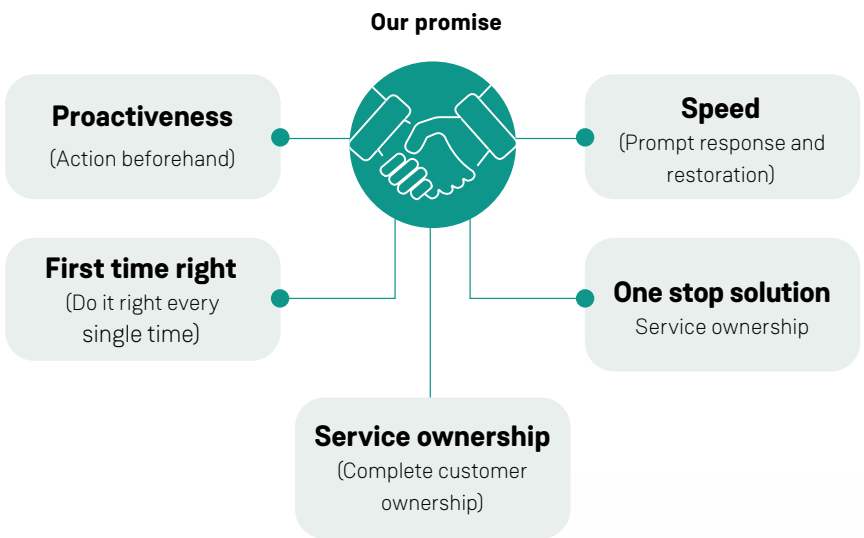
24*7

Nationwide support

~500

Service touchpoints

The customer journey pillars



Future-ready training

Enhancement of our Regional Training Centres (RTCs) with new assets for hands-on learning.



Dealer development initiatives:

In FY 25-26, KOEL stepped up focus on its service network, enhancing operational governance, and transitioning aftermarket dealers towards more robust corporate structures. Through revised organisational structures and implementation of real-time performance tracking, we have significantly improved our channel reach and service quality.

- **Network expansion and reach:** Our service footprint continues to expand, ensuring comprehensive coverage and customer accessibility. Our 44 aftermarket dealers manage regional operations with close to 500 service touchpoints, including resident engineers and service outlets.
- **Commercial compliance and governance:** We have prioritised the professionalisation of our dealer network through corporate conversions and meticulous financial strengthening. The transition from proprietary to corporate structures is ongoing, running in parallel with the finalisation of legacy accounts and move to 100% e-invoicing.
- **Leadership and stakeholder engagement:** Strategic leadership appointments and regular stakeholder dialogues have been key to maintaining alignment with the organisational goals. A future-ready service dealer organisation structure was successfully rolled out in FY 25-26.
- **Operational excellence and quality assurance:** Rigorous performance measurement remains a cornerstone of our service strategy. A balanced scorecard system has been developed to monitor the performance. Various audits were completed in FY 25-26, while performance-based incentives were formally linked to audit scores to drive continuous improvement.

Direct channel

A dedicated direct channel team was set up in the previous year with an intent of providing differentiated support and service to key account customers from sectors like telecom and banks.

Expanding on this philosophy, we also strengthened a dedicated team to support key industrial accounts such as OEMs, railways and defence. This team engages with the user in a proactive manner and at regular intervals to maintain a healthy business relationship.

In FY 25-26, following measures helped us gain additional revenue from the Direct Channel while ensuring higher customer engagement and satisfaction.

- Increase the business from customers in the railways segment.
- Launched extended warranty for construction equipment.

Retail channel

The Retail Channel has evolved successfully from its origins in tractor parts and oil into a diversified distribution network. Today, it serves as a key sales vertical for agricultural and construction equipment spares, electric motors, and whole goods.

To increase our share of the wallet per customer, we introduced several product lines, such as filters, batteries, and high-demand consumables. Our growth was further supported by a targeted segmental approach, focusing specifically on:

- Two-wheelers
- Tractors
- Off-highway equipment
- On-highway vehicles
- Electric Motors

Our retail infrastructure comprises of more than 400 distributors in India, providing deep access to local retail outlets. In FY 25-26, we enhanced our competitive edge with the following:

- **Specialised distribution:** Developing a network of specialised distributors dedicated to driving KOEL sales against competing brands.
- **Digitising the mechanic loyalty programme:** We have moved its mechanic loyalty programme from a physical coupon-based system to a fully digital system. The digital process maintains transparency and ensures quicker reimbursements of incentives to the mechanics. It also offers insights into the sales of different products in the channel. We has enrolled over 6,000 mechanics in a loyalty initiative designed to strengthen the market pull and brand preference at the ground level.

The Company has diversified the retail portfolio by introducing whole goods (finished products), moving beyond just spare parts.

Management Discussion and Analysis

Business outlook

- Newer emission norms like CPCB IV+ and CEV BSV have led to the introduction of more electronic engines and complex aftertreatment solutions which throw up the opportunity to add offerings such as remote monitoring services and diagnostic support.
- Key account management is expected to help business growth through improvement in the share of the wallet of key customers. We are also working on a remanufacturing strategy with regional outfits to offer Nulife products with faster turnaround.
- We will also continue the drive of product introduction in the retail channel.
- Additionally, there are plans to diversify our channels in weaker markets such as eastern and southern India by implementing digitalisation solutions for retail sales visibility and launch of loyalty programmes to boost sales.



International business

KOEL's international presence reached a fresh milestone in FY 25-26, marked by a strategic pivot towards High Horsepower (HHP) solutions and a stronger focus on high-growth markets in the Middle East and North Africa. The Company sharpened its focus on the global power and energy segment through its 3C framework of Capability, Capacity, and Coverage, while accelerating its transition into a global power solutions provider.

The international power and energy division delivered a robust performance with a 21% y-o-y growth, despite market uncertainties that impacted the closing months of the fiscal year.

Regional and segment highlights

KOEL intensified its engagement across key global regions by localising teams and enhancing service infrastructure through the following:

Powergen hubs:

A significant portion of overseas revenue continued to flow from the MENA, Sub-Saharan Africa, and American regions.

Marine and industrial:

The Company strengthened its marine footprint by enhancing channel partners in the UAE, South Africa, and Bangladesh.

Mining:

Building on the development of products for coal mining in the African region, KOEL expanded its service offerings to support these high-demand industrial applications.



Fluid Dynamics (FD) segment

KOEL's Fluid Dynamics segment encompasses diesel pumps, electric pumps, and industrial pump sets, operating under the KOEL Fluid Dynamics Pvt. Ltd. (KFD) umbrella, which was earlier known as La-Gajjar Machineries Pvt. Ltd. (LGM). The segment's value proposition rests on affordability, reliability, and strong after-sales support, enabling sustained customer retention across domestic and international markets.

₹ 1,122 cr
Consolidated sales

Key product offerings:

- Diesel engines
- Industrial pumps
- Electric pumps
- Engine-based pump sets

FY 25-26 under the SWOT view

Strengths

- HHP leadership: Rapid scaling in the complex HHP segment, where service quality and reliability are more critical than cost.
- R&D legacy: Development of application-specific engines (mining, construction, firefighting). Continued evolution through a digitally connected manufacturing ecosystem that ensures superior, compact, and efficient products.
- Growing global dealer ecosystem: Strong dealer and distributor base across the world. KOEL products were sold in almost 60 countries in FY 25-26, with focus on localised solutions and aftermarket support.

Opportunities

- Data center expansion: Massive global demand for backup power in the tech sector provides a long runway for the new 2500 kVA range.

- Energy transition: Growing global hunger for engines compatible with alternative fuels like biodiesel, natural gas, Hydrogen Fuel Enhanced Combustion (HFEC), ethanol, methanol, Hydrotreated Vegetable Oil (HVO), hythane, hydrogen-diesel blend, pure hydrogen, isobutanol etc.

Risks and threats

- Emission compliance: Constant pressure to meet evolving global standards (such as EPA Tier 4 or Euro Stage V) requires continuous high-cost R&D.
- Supply chain stability: Volatility in the procurement of specialised components remains a risk to maintaining international delivery schedules.
- Competitive landscape: Aggressive pricing from low-cost new entrants and protectionist trade policies, such as carbon taxes, may impact the price competitiveness of Indian exports.

Management Discussion and Analysis



Business segment overview and performance

FY 25-26 was a year of structural consolidation. Our Sanand plant capacity was raised from 3 pumps a minute in Q1 to 10 a minute by Q4. The Rajkot plant achieved a fulfilment rate of over 20,000 engines per quarter from Q3 onwards, reinforcing the diesel segment's supply reliability. In Q2, the business executed a systems consolidation initiative that unified LGM and KOEL WMS' accounting, inventory, and operational platforms into a single integrated architecture.

KOEL also executed a slump sale to LGM during the year, officially renamed 'KOEL Fluid Dynamics Pvt. Ltd.' further streamlining the entity structure operating under the Varuna Electric and KOEL Electric brands.

Market segment performance

- **Electric pump segment:** Remained the largest topline contributor. Future focus will be on a renewed product portfolio and expanded channel outreach.
- **Diesel segment:** Performance was strong in FY 25-26 with over 70,000 engines supplied from Rajkot and higher acceptance in the aftermarket.
- **Industrial segment:** We launched specialty pumps (end suction, sewage, and mud) to offset seasonality in other segments. KOEL EMS recorded approximately ₹6 crores in sales during the year.
- **International segment:** We successfully expanded the KFD footprint to 46 countries across four continents.

Strategic developments and leadership

The year under review saw the formalisation of KFD's long-term strategic direction under the new leadership, anchored by the 'Vision 2030' framework targeting a ₹4,000 crores topline, focused on the 4X5Y objectives. To support this, the business set up dedicated product planning and project execution teams to accelerate product launches and align organisational structure with growth objectives.

The segment was formally rebranded from LGM to KOEL Fluid Dynamics Pvt. Ltd. in Q3, reflecting a move towards a unified brand identity. Digital initiatives rolled out during the year include PULSE (for sales and service management), KFD Beat (for field force efficiency), and the forthcoming KFD Buddy platform for customer engagement. A project management office and a product planning vertical were also built to manage raw material volatility and geopolitical uncertainty more systematically.

International business

KOEL's international fluid dynamics business is focused on delivering reliable, energy-efficient, and application-driven solutions, serving agriculture, irrigation, water supply, and industrial needs.

Our business continued its strong growth momentum in FY 25-26, driven by increasing demand across MENA, Europe and emerging markets and grew by 33% over FY 25-26.

Analysis of FY 25-26 overseas business under SWOT view

Strengths

- Product reliability and performance in diverse conditions, backed by KOEL's engineering and manufacturing expertise.
- Development of application-specific irrigation and water supply products.
- Growing global distribution network, after-sales service and support.
- Focus on customised solutions for local market needs.

Weaknesses

- Dependence on monsoon and agricultural cycles in key markets.
- Supply chain and logistics challenges in export markets.
- Currency fluctuations impacting margins.
- Stricter emission and regulatory norms in different markets.

Opportunities

- Rising demand for efficient irrigation and water management systems.
- Growth in agriculture and rural infrastructure globally.
- Increasing focus on energy efficiency and sustainability.
- Expansion potential in dry and developing regions.
- Opportunity to scale aftermarket and service business.

Threats

- Competition from low-cost regional players.
- Price sensitivity in developing markets.
- Trade barriers and import regulations.
- Rapid shift towards alternative technologies and solutions.

Ensuring an efficient supply chain

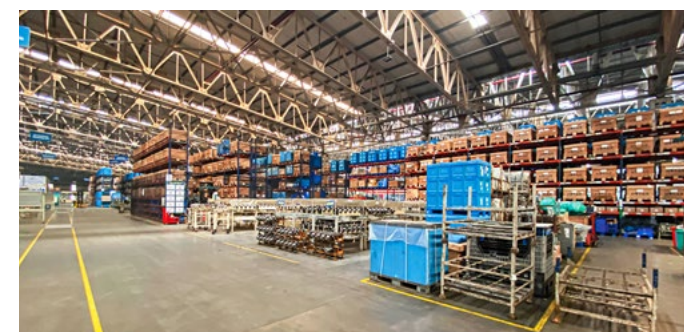
At KOEL, we recognise that a resilient and agile supply chain underpins our competitive advantage. In a landscape defined by rapid technological shifts and stringent emission norms, our focus remains on building a future-ready, digitally cohesive ecosystem aligned to our core mandates of agility, responsiveness, technology, quality, delivery, and cost.

We emphasise on digital integration, flexibility, and responsiveness for quality, delivery, and costs. In FY 25-26, to meet evolving business needs and strengthen our HHP portfolio, we brought in suppliers as part of our development process to deliver optimal-cost, high-technology products. Onboarding of new suppliers for defence projects is also underway, enabling KOEL to meet product development requirements of up to 10 MW.

Continued Value Analysis/ Value Engineering (VA/VE) initiatives led to the execution of multiple projects, delivering the highest-ever cost savings thus, positively impacting the margins. Our cross-functional teams (CFTs) executed projects across existing portfolios and new platforms while development of the new GK series platform addressed market demand for high-performance, cost-effective products with best-in-class fuel economy.

Supply chain disturbance management

The Company succeeded in managing the business through the global supply chain disruptions continuing for the last few years. Shortages, particularly disruptions with the global chip shortages, had triggered major anxiety, but we survived this through strategic stocking and strong supplier relationships. The last quarter saw disruptions due to petroleum product availability and rising copper and aluminium prices. Despite this, long-term supplier engagement ensured no loss in production.



Management Discussion and Analysis

Digital transformation and industry 4.0

We are transitioning towards total horizontal integration of our value stream. Central to this sits our Two-Way Digital Connect, a web portal linking our entire supply base, enabling robust data repositories and streamlined stakeholder communication.

Further advancing digital maturity, we launched the data cluster programme, which enabled suppliers to monitor multiple KPIs and leverage predictive analytics, fostering a data-driven culture. These initiatives align with our strategy to transition the supplier base towards industry 4.0, or the fourth industrial revolution, characterised by smart manufacturing, real-time decision-making, enhanced productivity, flexibility and agility.

Operational excellence, quality and partnership

Our commitment to quality is driven by the Journey to Zero Defects. Through deployment of the zero-defect approach using VDA 6.3 along with a DMAIC methodology, we have institutionalised structured issue resolution. This training approach, combining theory with shop-floor practices, has improved quality indices and enhanced process stability.

Manufacturing efficiency improvement stewardship

KOEL continues to lead green initiatives across the manufacturing supply chain by encouraging foundry partners to eliminate non-value-added activities. A key initiative is the Zero Fettling programme, which optimises casting processes at the source, reducing manual fettling. This improves product aesthetics to international standards, enhances shop-floor safety, and reduces worker fatigue by fostering a sustainable, human-centric environment.

Partnering for a sustainable future: Supplier ESG integration

We recognise that sustainability requires a unified value chain, with suppliers as strategic partners in our ESG journey. Our approach is built on four pillars: Educate, Assess, Co-create, and Source. We support partners in navigating legal compliance and ESG expectations, implement structured assessments to identify gaps, and co-create improvement plans using KOEL's tools and expertise.

By prioritising responsible sourcing, we align our ecosystem with environmental and social stewardship goals. We source approximately 96% of raw materials from local suppliers that provides us with insulation from global uncertainties while improving control over quality, cost, and delivery.



Human resources

Human capital is the biggest treasure at KOEL. We envision leadership, encourage independence, and empower lives by cultivating our biggest resources relentlessly.

This year, our HR initiatives focused on strengthening our ethical foundation, identifying future leaders, and fostering a culture of continuous, community-driven learning.

Ethics and compliance

We continue to uphold the highest standards of corporate governance and professional integrity.

- Code of Conduct (CoC): Following updates at the Group level, we launched a comprehensive sensitisation programme. Our Code of Conduct contains topics related to diversity and inclusion, human rights, laws related to substance abuse, insider trading, data protection rights, workplace ethics, POSH, and non-retaliation.

91%

Percentage of employees who have completed training

- Tech hour: We introduced 'Tech Hour' as a monthly forum where senior leaders share expertise on specific products, emerging technologies, or internal processes covering around 300 employees in every session.

9

Completed tech hour sessions

Talent development and succession planning

To ensure business continuity and leadership depth, we have sharpened our focus on the talent pipeline.

- Potential assessment: We concluded an assessment to identify High-Potential (HiPo) talent, ensuring that those with the drive and ability to lead are recognised and nurtured.
- Succession pipeline: We successfully mapped successors for the first two layers of leadership. This exercise included an evaluation of readiness levels for each identified successor, allowing us to create targeted development plans to bridge any competency gaps.



Fostering a learning ecosystem

This year marked a shift towards 'social learning' and leadership-led knowledge sharing.

- Digital learning expansion: We launched LinkedIn Learning across the organisation, providing our employees with world-class content at their fingertips.
- Learning communities: To move beyond passive consumption, we built specialised learning communities within each BU.

62%

Activation rate across the organisation as a result of the learning communities

To ensure we are building a workplace that listens and evolves, we conducted a comprehensive employee engagement survey this year. This data-driven exercise serves as a diagnostic tool to check the 'pulse' of the organisation and identify areas of strength and opportunity.

- Data-led insights: The survey results have been granulated at the BU level to ensure localised relevance.
- Action planning: Action planning has started at respective BU levels depending on the voices and feedback received.

Management Discussion and Analysis



Ensuring a better life

This year, we hosted our biennial Family Day, a flagship event that brings the 'Kirloskar Parivaar' together. Recognising that the support of the family makes the backbone of success for our employees, this celebration allowed families to experience the organisation's culture firsthand. The event serves as a vital touchpoint for building long-term loyalty and strengthening the emotional bond between the Company and its extended family.

Sports and physical wellness

To promote a culture of fitness, teamwork, and healthy competition, we organised a series of inter-departmental sports tournaments. These events encourage collaborations outside the formal office environment and contribute to the overall mental and physical wellness of our workforce.

Executive Health Checkup

The Executive Health Check-up programme was launched on 1st September, 2025, as a key initiative to support employee well-being. The primary benefits of the check-ups are identifying health risks at an early stage and enabling pre-emptive intervention. The Company-paid health check-up is offered annually to all employees of the rank of a senior general manager and above, and once every two years for all executives up to the general manager rank who are 40 and above. The programme is facilitated by a wellness partner, TruWorth, with services available at leading hospitals and diagnostic centres, featuring convenient app-based booking and post-test consultation.

Compensation

In FY 25-26, we significantly strengthened our commitment to our shop floor workforce by upgrading the comprehensive insurance coverage for over 850 employees.

Recognising the evolving healthcare needs of our team, we introduced two additional benefits like Voluntary OPD, advanced treatments and Mental Health benefits with our insurance partners.

The Company has successfully signed a three-year wage agreement with the union in our Nashik Plant effective from 1st April, 2026. This wage agreement is a strong testament to KOEL's established tradition of maintaining peaceful, healthy, and harmonious industrial relations. Building on these continuous efforts—which included completing our 11th wage settlement ahead of schedule in March, 2025—this latest agreement further underscores our commitment to a cooperative labor environment. This collaborative approach directly ensures zero disruption to our plant operations and is critical to the long-term success and stability of our Nashik manufacturing. This win-win agreement balances fiscal discipline with employee growth which in turn positively enhances the growth potential of our Nashik manufacturing facility, catering to our HHP engine segment with a focus on nuclear, defence and marine markets.

Environmental Health and Safety (EHS)

Environment

Sustainability sits at the core of corporate strategy at KOEL. Our adept resource management acts as the guiding principle in designing our blueprint for Environmental, Social and Governance (ESG) responsibilities. Our governance framework aligns with leading global standards, including GRI, BRSR, and the National Guidelines on Responsible Business Conduct, ensuring that ESG considerations are integrated into business decision-making.

In FY 25-26, we complied with SEBI's BRSR Core framework for voluntary value chain disclosure.

The Company's total Scope 1 GHG emissions stood at 9,269 tCO₂e and Scope 2 reached 13,632 tCO₂e. Our in-house process efficiencies and optimisation of our power mix helped us to limit the emission intensity to a modest level of 3.83 tCO₂e/million rupees, despite a 25% growth in topline.

We have deployed a 100 LPH Electric Evaporator in the effluent treatment plant at our Nashik facility. It treats 2 kilolitres of wastewater a day, helping us lower the water intensity from 41.89 kL to 34.26 kL/million rupees.

We are transitioning from solvent-based to water-based paints to lower VOC emissions and minimise paint waste toxicity, while lean manufacturing reduces raw material, water, and energy consumption at source.

A high production volume in FY 25-26 resulted in an overall increase in waste generation but higher sales helped us to decrease the waste intensity from 1.16 MT/million rupees to 1.11MT/million rupees.

We are committed to advancing the ESG agenda through continuous improvement in reporting transparency, deeper integration in strategic planning, and scaling up clean energy and low-carbon product solutions.

Health and safety

At KOEL, the health and safety of its employees, contractors and stakeholders remains central to its operational strategy. During the reporting year, the Company continued to firm up its safety culture across facilities through targeted initiatives, training programmes and employee engagement activities.



Management Discussion and Analysis

It's always safety first at the Kagal plant

It was another active year of safety engagement at the Kagal plant. National Safety Week was observed with rallies, stress management trainings, and safety campaigning to promote a safety-first culture. Employees participated in QCFI Safety competitions and won four gold medals, a testament to the plant's commitment to safety excellence.

Comprehensive firefighting and first-aid training, including both theoretical and practical sessions, were conducted to strengthen emergency preparedness. A National Fire Service Week was observed through mock drills and firefighting competitions.

Critical installation safety audits and lockout-tagout (LOTO) implementation were carried out to reinforce workplace safety standards. Convex mirrors were installed on the shop floor and roadsides to improve visibility and reduce the risk of accidents.

Road Safety Week was also observed during the year. Notably, the Kagal plant received recognitions like the FAME National Safety Award for Safety Excellence, the NSCI Safety Award 2025 in the Manufacturing Sector, and the NSC Maharashtra Safety Award.

At Nashik, safety is a collective commitment

The Nashik plant conducted a wide array of safety initiatives during the year. National Safety Week was inaugurated with a safety oath ceremony and cultural activities to reinforce collective commitment to safety. A PPE exhibition was organised, providing 130 employees with hands-on interaction with safety equipment, including helmets, gloves, safety shoes, harnesses, and respiratory protection.

Fire Safety Week featured a hands-on firefighting training programme for 69 employees. A Road Safety Week was observed with team communications and awareness activities. Health camps covering eye check-ups for 122 employees, dental check-ups, and an on-site Pollution Under Control (PUC) camp for 110 employees were held. Webinars on yoga for the workplace, ergonomics, and a holistic approach to lifestyle disease management were live-streamed across KOEL's plants.

Lens on guardrails at Khadki, without a lapse

At Khadki, quarterly safety committee meetings were held regularly to review audit observations, monitor the closure of unsafe acts and conditions, ensure PPE compliance, and track near-miss reporting. Periodic firefighting and first-aid training, including practical sessions conducted by the Khadki Fire Brigade, were supplemented by emergency evacuation drills conducted jointly at Khadki and Bhare locations.

An external safety audit was carried out during the year, with corrective actions implemented by individual departments in coordination with the Safety Committee. A Road Safety Week was observed through a defensive driving awareness session, forklift safety training, and an online safety quiz. National Safety Week activities included workplace yoga, ergonomics sessions, stress management workshops, and a PPE exhibition.

The plant also conducted a First Aid and CPR training programme through a DISH-approved agency for both permanent and contractual employees. Health awareness sessions addressed topics like thyroid disorders, arthritis, women's health, and industrial accidents, complemented by specialised health camps offering eye check-ups, bone density tests, dental screening, and cardiac screening. A voluntary blood donation

camp, organised as a tribute to the late Shri S. L. Kirloskar on his birth anniversary, saw 181 bags of blood donated by Khadki employees. International Yoga Day was also celebrated with a dedicated one-hour session.



Bhare's on its toes to protect its people

The Bhare plant demonstrated a strong and dynamic safety culture during the reporting year. National Safety Week was inaugurated with a safety oath ceremony, flag hoisting, and a safety rally, reinforcing our commitment to a safe workplace. Webinars on stress management, yoga for workplace wellness, ergonomics, and holistic lifestyle disease reversal were organised and live-streamed across KOEL group companies.

A firefighting training programme provided 30 employees with hands-on experience in fire suppression and evacuation protocols. First Aid and CPR training was conducted through a DISH-approved hospital, benefitting 13 employees at Bhare. A Safety Poster, Poem, Slogan, and Essay competition saw participation from 39 employees, reinforcing safety awareness in an engaging manner. Fire Safety Week was observed with banner displays, shopfloor awareness activities, offline examinations, and a plant cleanliness drive.

Mock drills simulating medical emergencies, fire scenarios, and LPG leakage were conducted during the year. A noise dosimeter survey was carried out to assess and manage occupational noise exposure. Defensive driving training was organised in collaboration with Honda to encourage safe commuting

practices. A voluntary blood donation camp at the Bhare plant collected 33 units of blood. Water Day was commemorated on 22nd March, 2026, with a message from the senior leadership reinforcing the importance of water conservation.



As part of our commitment to building a safer and more sustainable workplace, the Company plans to implement an AI-powered Video Analytics System across its manufacturing facilities. This initiative will leverage Artificial Intelligence (AI) and Computer Vision technologies to enable real-time monitoring, early hazard detection and proactive risk management to safeguard our operational continuity and mitigate risk-related liabilities.

Management Discussion and Analysis

Engineering

Key focus areas of Engineering

- Diesel engines in the high horsepower range
- Expansion of gas engines
- Technology for dual fuel/fuel blends
- Compact gensets with 3,000 rpm engines in the lower power segment
- Executing our technology tracks - Internal combustion engines, energy storage solutions, electrification and fuel cells and electrolyser
- Power uprates of existing diesel engine range
- Gas engine development for global market
- Optiprime series expansion for data centers market
- Value engineering in existing product range

Our engineering division remains a key driver of growth and our vehicle to achieve technology leadership. Our Corporate Research and Engineering (CRE) and the Application Engineering (AE) segments focus on advancing research capabilities, engine design and development, as well as customised solutions.

CRE is pivotal in shaping our product portfolio, aligning it with long-term growth objectives, evolving market demands, and emerging industry trends. These R&D initiatives led to an expansion in the range of gensets, development of microgrid solutions and introduction of advanced systems such as Optiprime controllers, electrolyser, fuel cells, and hybrid solutions. For FY 26-27, the division is focused on power uprating and value engineering to enhance the efficiency of the existing platform while expanding the alternative fuel portfolio, high-horsepower industrial range, and Optiprime gensets.

Central to this evolution lies our unflinching commitment to Intellectual Property (IP), with 14 intellectual properties, including one patent and 12 designs, granted to our name. In addition to securing foundational patents and designs, KOEL directed its technological and intellectual capital towards pioneering alternative-fuel and green energy solutions to achieve critical regulatory milestones. Our focus remains on advanced engineering — integrating renewable energy, conventional fossil fuel generation, battery storage, and intelligent power management to maximise fuel utilisation and ensure an uninterrupted power supply. By prioritising robust patent filing and industrial design registrations throughout the product development lifecycle, we ensure our innovations remain protected and our competitive edge continues to sharpen.

Key initiatives in FY 25-26

Intellectual Property

- Secured IP and patents for India’s first hydrogen-engine-based gensets.
- Launched the KOEL IP Policy effective from 1st February, 2026.
- Launched the Inventor Rewards & Recognition Programme.
- Achieved the highest annual patent (8) and design (14) filings.
- Launched the hybrid Optiprime power system with patented transient load management technology for seamless AI and high-density computing environments.
- Proposed consideration of raw biogas as an alternate fuel to CPCB for genset application in India.
- Granted certification for India’s first CPCB IV+ 58.5kVA HCNG Genset.
- Granted certification for India’s first CPCB IV+ 2.4 kW LPG Genset.

Product development

- Expansion of our Optiprime range of products which have the highest power per square metre in market and are scalable to data center power requirements.
- Development of alternate fuelled genset based on LPG for households and retailers and ethanol-based genset for telecom markets.
- Development of better value products such as fuel efficient GK series from 10 kVA, 15 kVA, 20 kVA and 25 kVA.
- Development of KOEL’s first alkaline electrolyser stack in-house.
- Expanded our product range with 2,500 kVA and 3,000 kVA units to capture the global digital infrastructure boom.

Product upgrade

- Scaling of our BS-V product portfolio, driven by a growing list of OEM partnerships and the exploration of new applications.
- Developed a 1,250 kVA product range from a 16-cylinder engine for 50 Hz and 60 Hz and 1,000 hp industrial dump truck application.
- Upgraded the CRE engine test cell to a 4 MW capacity.

Finance, legal and secretarial

KOEL’s finance, legal and secretarial department prioritise regulatory compliance and provide support for corporate planning and analysis. The year under review saw us adding more muscles to our online tool for legal compliance management. Devised to ensure compliance with all applicable laws, this robust digital system ensures continuous, real-time adherence to operations. We have also enhanced the dedicated Board portal/tool that empowers Directors with secure, on-demand access to corporate materials and fosters streamlined digital collaboration.

The finance department analyses financial and operational data to enable successful implementation of strategic decisions. The department helps manage capital allocation and ensures that resources are used effectively to achieve goals. It manages business performance through financial reporting, variance analyses and cost management, aiming to improve profitability and strategic planning. During the year under review, the team implemented digital projects to boost productivity.

Financial performance y-o-y

₹ in cr		
Particulars	FY 25-26	FY 24-25
Revenue from operations	5,646.83	4,520.72
EBITDA	737.27	593.84
Profit before tax	593.91	523.66
Profit after tax	441.50	389.82
Net worth (Shareholders’ funds)	3,354.50	2,975.63

Figures from Statement of Profit & Loss represent continuing operations only. Comparative figures have been restated to exclude discontinued operations.

Key financial ratios

Particulars	FY 25-26*	FY 24-25
Debtors’ turnover (in times)	7.82	8.32
Inventory turnover (in times)	6.70	6.56
Interest coverage ratio (in times)	67.84	41.81
Current ratio (in times)	1.67	1.68
Debt equity ratio (in times)	0.04	0.06
EBITDA margin^ (in %)	13.06%	12.77%
Net Profit margin (in %)	7.88%	8.51%
Return on net worth (in %)	13.95%	13.93%

* Ratios derived based on figures from Statement of Profit & Loss represent continuing operations only.

^ On revenue from operations

Key risks and internal controls

The Company’s risk management framework is aligned with its strategic objectives and is designed to identify, assess, mitigate, and monitor risks across enterprise and business levels. Through a structured ERM approach, risks are evaluated based on the likelihood and the impact, with periodic reviews reflecting changes in the external environment.

Governance is reinforced through oversight by the Risk Management Committee and Audit Committee, supported by a comprehensive risk management policy, strong internal controls, and self-assessment mechanisms that enable continuous monitoring and accountability across the organisation.

Key risks

KOEL continues to follow a bifurcated market strategy, with both its segments facing unique headwinds ranging from regulatory shifts to climate-induced volatility.

Engineering and industrial excellence

The business remains KOEL’s primary revenue driver, encompassing powergen, industrial engines, and international business. It is defined by three critical pressure points:

- Regulatory & emission compliance: The transition to stricter emission norms is a non-negotiable hurdle. Failure to align product portfolios with these evolving standards poses the triple threats of statutory penalties, direct revenue losses from barred sales, and a long-term erosion of KOEL’s premium brand equity.
- Supply chain resilience: Supporting high-precision engineering requires a robust, stable supply chain. Any disruption in the procurement of critical raw materials or specialised components immediately jeopardises production timelines and operational efficiency.
- Innovation & competitive differentiation: Operating in a high-stakes environment, KOEL faces intense pressure to innovate. With global and local players rapidly adopting hybrid and alternative fuel technologies, KOEL must sustain its ‘differentiation edge’ to prevent market share dilution.

Fluid Dynamics (FD)

This segment is primarily represented by its water management solutions, and operates under a different set of market stressors:

- Market fragmentation: The segment is characterised by the high density of unorganised players. This leads to aggressive price wars, putting constant pressure on KOEL’s margins despite its superior distribution network and brand heritage.
- Climatic sensitivity: Revenue in the FD segment is intrinsically linked to rainfall patterns. An inconsistent monsoon leads to significant volatility in demand for pump sets and agricultural equipment, making y-o-y revenue forecasting a challenge.
- Strategic realignment: To address these challenges, KOEL recently integrated its standalone FD business into its subsidiary, Pvt. Ltd. (*formerly known as La-Gajjar Machineries Pvt. Ltd.*). This move is designed to unlock operational synergies and provide the dedicated focus needed to compete in the retail landscape.

Management Discussion and Analysis

Awards

Apex India Green Leaf Awards 2024

Awarded Platinum by Apex India for Energy Management



Apex India Green Leaf Awards 2024

Awarded Platinum by Apex India for Water Management



26th CII National Award for Excellence in Energy Management 2025

Awarded Excellent Energy Efficient Unit — Consecutive 3 years by CII for Energy Management



26th CII National Award for Excellence in Energy Management 2025

Awarded National Energy Leader by CII for Energy Management



Kirloskar Icons Sustainability Awards

Excellence in ESG Implementation at Organisational Level



Leading ESG Performer

Awarded First by Kirloskar Group for ESG



India Green Manufacturing Challenge 2025

Awarded Gold — Consecutive 3 years by IRIM-IGMC for Green Manufacturing processes



India Green Manufacturing Challenge 2025

Awarded Diamond by IRIM-IGMC for Green Manufacturing processes



Best 5S Zone (ETP) Award 2025

Awarded Gold by QCPI—Pune for Industrial Surroundings



Disclaimer

Some forward-looking statements about potential business and economic developments might be found in this report.

Although the Company's assessments and expectations for the future are reflected in these forward-looking statements, several variables could cause actual events and results to materially diverge from expectations. The Company does not commit to updating any forward-looking statements in the public domain to reflect new information or events. Investors are also urged to use their discretion when evaluating the Company's various risks and the success of the Company's mitigation efforts, as the risks listed in this report are just those that the Management believes exist.

Report on Corporate Governance

[Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder. (hereinafter referred as SEBI Listing Regulations)]

1. Company's philosophy on Code of Corporate Governance

Your Company is proud of the high standards it has set for exemplary governance and continues to lay strong emphasis on transparency, accountability and integrity. The Company firmly believes that good Governance is an essential ingredient of any business, a way of life rather than a mere legal compulsion. Responsible corporate conduct is integral to the way your Company conducts its business. The actions are governed by the values and principles of the Company, which are reinforced at all levels within the Company.

The Company's Code of Business Conduct, its Risk Management Framework together with its well-structured internal control systems which are subjected to regular assessment for its effectiveness, reinforces integrity of Management and fairness in dealing with the Company's stakeholders. This, together with meaningful Corporate Social Responsibility activities and sustainable development policies followed by the Company has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates.

The Company's philosophy of good Corporate Governance aims at establishing a system which will assist the management to fulfill its corporate objectives as well as to serve the best interest of the stakeholders at large viz., Shareholders, Customers, Employees, Environment, Society, Suppliers, Lenders etc. This philosophy has been strengthened by adoption of a Code of Conduct for Board of Directors and Senior Management, adoption of CII's Business Excellence framework, Code for prevention of Insider Trading and also re-enforcing our commitment towards Corporate Sustainability and adoption of the Global Reporting Initiative ("GRI") guidelines on Triple Bottom Line reporting.

2. Code of Conduct

The Company has adopted the Code of Conduct for the Board of Directors and Senior Management of the Company in accordance with provisions of the SEBI Listing Regulations and the Companies Act, 2013, including Rules made thereunder. The same is available on the Company's website (weblink: <https://www.kirloskaroilengines.com/documents/6887317/bb0a1acf-7b75-593c-9884-6983b438a34c>). It serves following objectives:

- To enhance the standards of ethical conduct, which are based on Kirloskar Group core values.

- To evolve as good corporate citizens by implementing highest degree of transparency, integrity, accountability and corporate social responsibility.
- To further achieve good corporate governance by complying with all laws, rules, and regulations applicable to the company and fulfilling responsibilities towards stakeholders.
- To set standards of professional conduct for Independent Directors on the Board of the Company, with the aim of promoting confidence of the investment community, minority shareholders, regulators and companies in the institution of Independent Directors.

The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review.

In addition to this, the Company has also adopted the separate Code of Conduct for employees of the Company. In order to ensure awareness and adherence amongst employees, classroom training modules are conducted across the Company.

3. Code of Conduct for Prohibition of Insider Trading

The Securities and Exchange Board of India ("SEBI") as a regulatory authority has issued regulation governing prohibition of 'Insider Trading' known as the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (the "Regulations") which is amended from time to time. Further the Companies Act, 2013 has also prescribed the provisions on 'Prohibition on Insider Trading of Securities'.

In terms of said Regulations, the Board of Directors of Kirloskar Oil Engines Limited ("KOEL") has adopted the following Codes viz.

- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI") to include Policy on determination of Legitimate Purpose and Policy and Procedure for Inquiry in case of Leak or Suspected Leak of UPSI ("Code of Fair Disclosure"); and
- Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and immediate relatives of Designated Persons of Kirloskar Oil Engines Limited.

4. Board of Directors

a) Composition of the Board

The Board composition is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder (hereinafter referred as "SEBI Listing Regulations"). The Board comprised of 11 (eleven) Directors as on 31st March, 2026. The composition of the Board was as under:

Category of Directors	No. of Directors
Executive	1
Non-Executive and Independent (including 2 Women Directors)	7
Non-Executive and Non Independent	3
Total	11

The Company's Board includes eminent professionals having sound knowledge, relevant expertise and experience in the areas of manufacturing, engineering, finance, legal, sales, marketing, technology, human resources and general business management. The Company has established systems and procedures to ensure that the Board of Directors are well informed and well equipped to fulfil their overall responsibilities and to provide management with strategic direction needed to create long-term shareholder value.

The detailed profile of all Directors of the Company is available on website of the Company. (Web-link: <https://www.kirloskaroilengines.com/about-us/board-of-director>)

b) Meetings held

The annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The gap between the two Board/Audit Committee Meetings did not exceed one hundred and twenty days.

During the FY 2025-26, the Board met 6 (six) times. These meetings were held on 14th May, 2025, 6th August, 2025, 10th October, 2025, 11th November, 2025, 11th February, 2026 and 10th March, 2026.

The meetings and agenda items taken up during the meetings complied with the requirements of the Companies Act, 2013 and SEBI Listing Regulations read with various circulars issued by Ministry of Corporate Affairs ("MCA") and SEBI.

The Annual General Meeting ("AGM") of the Company was held on 7th August, 2025, by electronic means in due compliance with the provisions of the Companies Act, 2013 and Rules made thereunder including circulars issued thereof by the MCA and the SEBI and the Secretarial Standards. The Company had dispatched the Annual Report for the FY 2024-25 well ahead of the AGM and invited shareholders to submit their questions

ahead of the AGM. Questions raised by the shareholders were addressed at the AGM. The AGM was attended by the Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee, Chairman of Stakeholder's Relationship Committee, representatives of Statutory Auditors and Secretarial Auditors of the Company.

c) Board Procedure

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to facilitate meaningful discussions and enable the Board to take appropriate decisions. As part of the process of good governance, the agenda also includes the progress on the decisions taken by the Board in its previous meeting(s). A Board portal is made available that allows Board of Directors to securely access board documents and collaborate with other Board members electronically. In case any Director(s) seeks additional information, which is not part of the information earlier provided, such requests are tracked till the actions on such request are addressed to the satisfaction of the Director(s) seeking additional information.

The Board also, *inter-alia*, reviews quarterly/half yearly/ annual results, the strategy of business including corporate restructuring plans, if any, Annual Operating Plan ("AOP"), capital expenditure budgets, update on new business, market share of businesses, digital and sustainability viz., Environment, Social and Governance initiatives, reports for all laws applicable to the Company, review of major legal cases, minutes of Meetings of Committee and Board of the Company and of Board Meeting of Subsidiary Companies, financials of subsidiary companies, review of internal control framework and risk management etc. The Directors receive regular updates on changes in the relevant laws and regulations which are relevant to KOEL at the Board meetings. The required information as enumerated in Part A of Schedule II of SEBI Listing Regulations, is made available to the Board of Directors for discussions and consideration at Board Meetings. Draft Minutes of the Board and Committee meetings of the Company are circulated to all the Directors for their comments within 15 days of the meeting.

The Board is also kept informed on major events/items and approvals are taken wherever necessary. As a part of corporate governance, the Board Charter has been drawn up setting out roles/terms of references and processes of functioning of the Board including Committees of the Board.

The Company has put in place relevant systems and processes to ensure compliance with the provisions of applicable laws. In accordance with the compliance procedures of the Company, relevant Heads of the Departments confirm compliances with applicable regulations. The details viz., list of applicable laws/rules/regulations, summary of non-compliances, if any, including action plan for the same and a certificate duly signed by Managing Director is placed before the Board on a quarterly basis.

d) Category and Attendance of Directors

The names and categories of the Directors on the Board, their attendance at the Board Meetings (“BM”) held during the FY 2025-26 and at the last AGM and also the Directorships, Committee positions held by them in other public limited companies and shareholding of Non-Executive Directors as at 31st March, 2026 are given in **Table A** and the names of the other listed entities in which the Directors hold directorship and category thereof as at 31st March, 2026 are given in **Table B** below:

I. Table A

Sr. No.	Name of Director	No. of Directorships in other Public Ltd. Cos.	No. of Committee positions held in other Public Ltd. Cos.**		Attendance at meetings		No. of shares held by Non-Executive Directors
			Chairman	Member	BM	AGM	
Executive Director							
1	Ms. Gauri Kirloskar* [§]	2	-	3	6	Yes	NA
Non-Executive and Non-Independent Directors							
2	Mr. Atul Kirloskar upto close of working hours of 31 st March, 2026* [#]	3	-	-	6	Yes	1,46,74,947
3	Mr. Rahul C. Kirloskar* [^]	5	1	2	6	Yes	1,77,86,902
4	Mr. Vinesh Kumar Jairath	3	2	2	6	Yes	-
Non-Executive and Independent Directors							
5	Mr. Satish Jamdar	2	2	-	6	Yes	-
6	Dr. Kandathil Mathew Abraham	-	-	-	6	Yes	-
7	Dr. Shalini Sarin	5	1	3	5	Yes	-
8	Mr. Yogesh Kapur	8	4	4	6	Yes	-
9	Mrs. Purvi Sheth	8	-	-	5	Yes	-
10	Mr. Arvind Goel	4	1	2	6	Yes	-
11	Mr. Srikumar Vijayasekharan w.e.f. 11 th November, 2025 ^{^^}	1	-	2	3	NA	-

II. Table B:

Sr. No.	Name of Director & Age (in years) as on 31 st March, 2026	Name of the other Listed entities in which Director holds Directorship	Category of Directorship
1	Mr. Atul Kirloskar, Age – 70 [#]	Kirloskar Industries Limited	Non-Independent Non-Executive Director
		Kirloskar Pneumatic Company Limited	Non-Independent Non-Executive Director
2	Mr. Rahul C. Kirloskar, Age – 62	Kirloskar Ferrous Industries Limited	Non-Independent Non-Executive Director
		Kirloskar Pneumatic Company Limited	Non-Independent Executive Director
		Kirloskar Industries Limited	Non-Independent Non-Executive Director
3	Ms. Gauri Kirloskar, Age – 42	-	-
4	Mr. Vinesh Kumar Jairath, Age – 67	Kirloskar Industries Limited	Non-Independent Non-Executive Director
		Wockhardt Limited	Independent Non-Executive Director
5	Mr. Satish Jamdar, Age – 73	Kirloskar Industries Limited	Independent Non-Executive Director
6	Dr. Kandathil Mathew Abraham, Age – 68	-	-
7	Dr. Shalini Sarin, Age – 60	Linde India Limited	Independent Non-Executive Director
		Kirloskar Ferrous Industries Limited	Independent Non-Executive Director
		Sagility India Limited	Independent Non-Executive Director
		Polyplex Corporation Limited	Independent Non-Executive Director
		Schneider Electric Infrastructure Limited	Independent Non-Executive Director

Sr. No.	Name of Director & Age (in years) as on 31 st March, 2026	Name of the other Listed entities in which Director holds Directorship	Category of Directorship
8	Mr. Yogesh Kapur, Age – 68	Greenlam Industries Limited	Independent Non-Executive Director
		RICO Auto Industries Limited	Independent Non-Executive Director
		ASK Automotive Limited	Independent Non-Executive Director
		Relaxo Footwears Limited	Independent Non-Executive Director
		Polyplex Corporation Limited	Independent Non-Executive Director
9	Mrs. Purvi Sheth, Age – 53	Ambuja Cements Limited	Independent Non-Executive Director
		Shoppers Stop Limited	Independent Non-Executive Director
		Kirloskar Industries Limited	Independent Non-Executive Director
		Metropolis Healthcare Limited	Independent Non-Executive Director
10	Mr. Arvind Goel, Age – 68	Automotive Stampings & Assemblies Limited	Non-Independent Non-Executive Director
		Persistent Systems Limited	Independent Non-Executive Director
11	Mr. Srikumar Vijayasekharan, Age – 65	-	-

Notes:

- 1) Committee Positions includes only Audit Committee and Stakeholders Relationship Committee as per Regulation 26 of the SEBI Listing Regulations.
- 2) Directorships held in Foreign Companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956/under Section 8 of the Companies Act, 2013 and Rules thereof including amendments thereunder have not been considered.
- 3) *Deemed as Promoters/member of Promoter Group within the meaning of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.
- 4) [§]Ms. Gauri Kirloskar (DIN 003366274) was re-appointed as Managing Director for a second term of 3 years with effect from 20th May, 2025. She has been additionally designated as the Vice Chairperson of the Company with effect from 1st April, 2026.
- 5) [#]Term of office of Mr. Atul Kirloskar (DIN 00007387) as the Chairman expired with effect from close of working hours of 31st March, 2026. He has tendered his resignation as a Non-Executive, Non-Independent Director with effect from close of working hours of 31st March, 2026.
- 6) [^]Mr. Rahul C. Kirloskar (DIN 00007319) Non-Executive Director has been appointed as the Chairman of the Company with effect from 1st April, 2026.
- 7) ^{^^}Mr. Srikumar Vijayasekharan (DIN 07810464) was appointed as an Independent Director for a first term of 5 years, with effect from 11th November, 2025.
- 8) None of the Directors on the Board of the Company is a Director nor an Independent Director of more than 7 listed entities as at 31st March, 2026.
- 9) None of the Directors on the Board of the Company is a Member of more than 10 Committees and Chairperson of more than 5 Committees in all public limited Companies whether listed or not in which he is director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other public limited Companies.
- 10) Mr. Atul Kirloskar and Mr. Rahul C. Kirloskar, being brothers, are related to each other. Mr. Atul Kirloskar and Ms. Gauri Kirloskar, being father and daughter, are related to each other. None of the other Directors are related to any other Director of the Company as defined under Companies Act, 2013 and Rules thereof including amendments thereunder.

e) Familiarisation Programme for Independent Directors

The Company has familiarisation programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. A structured induction programme for new Directors is also organised where they get to meet and interact with all senior leaders of the Company and On-Boarding Manual is provided for their information and awareness. A detailed Letter of Appointment is also issued to them.

The Company's management makes business presentations periodically at the Board meetings to familiarise the Independent Directors with the strategy, operations and functioning of the Company. These interactions provide them with a holistic perspective of the Company's business and regulatory framework.

The details of familiarisation programme imparted to the Independent Directors are available on the website of the Company. (Web-link. <https://www.kirloskaroilengines.com/documents/6887317/7003623/KOEL%20Familiarisation%20Programme%20for%20Independent%20Directors%20-%2031%20March%202026/6d2e0e04-b7ce-3f4f-f3ed-55494e5831e9>)

f) The list of core skills/expertise/competencies required and available with the Board and names of Directors who have such skills/expertise/competencies in the context of business of the Company for its effective functioning is as follows: (Pursuant to Schedule V, Part C (2)(h) of SEBI Listing Regulations)

Sr. No.	List of Core skills/expertise/Competencies	Rahul C. Kirloskar	Gauri Kirloskar	Vinesh Kumar Jairath	Srikumar Vijayasekharan	Arvind Goel	Satish Jamdar	Yogesh Kapur	Shalini Sarin	Kandathil Mathew Abraham	Purvi Sheth
A	Technical										
1	Finance	✓	✓	✓	✓	✓		✓		✓	
2	Law	✓		✓	✓			✓		✓	
3	Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Sales & Marketing	✓				✓					✓
5	Manufacturing & Operations	✓				✓	✓				
6	Research & Development					✓	✓				
7	Human Resource	✓		✓		✓	✓		✓	✓	✓
8	Information Technology	✓				✓				✓	
B	Industry										
1	Knowledge about Economy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Industry experience	✓				✓	✓		✓	✓	✓
3	Knowledge of business sector	✓	✓	✓		✓		✓	✓	✓	✓
C	Governance										
1	Compliance Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Knowledge about statutory/regulatory laws	✓	✓	✓	✓	✓	✓	✓	✓	✓	
3	Experience in developing and implementing Risk Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	
4	Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
D	Others										
1	Communication and Interpersonal Skills	✓	✓	✓		✓	✓	✓	✓	✓	✓
2	Public Relations	✓		✓		✓		✓	✓	✓	✓
3	Corporate Restructuring	✓	✓	✓		✓	✓	✓	✓		
4	Environment and sustainability	✓	✓	✓		✓			✓	✓	✓
5	Corporate Social Responsibility	✓	✓	✓	✓	✓		✓	✓		✓

g) Criteria of Performance Evaluation of Independent Directors

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Director. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as achievement against key performance objectives, attendance at meetings, time devoted for the Company, contribution in the Board process etc.

h) Confirmation on declarations given by Independent Directors

The Board of Directors, after due assessment of veracity of the declarations received from the Independent Directors, confirm that the Independent Directors fulfill the conditions specified in the Regulation 25(8) of SEBI Listing Regulations and they are independent of the management.

i) Reasons for the resignation of Independent Directors during the FY 2025-26, if any

None of the Independent Directors resigned during FY 2025-26.

j) Separate meeting of Independent Directors

The Independent Directors met on 11th February, 2026 and 24th March, 2026 without the presence of Executive Directors

or Management representatives. The Independent Directors *inter-alia* discussed the issues arising out of Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties, Performance of Non-Independent Directors, Performance of the Chairman of the Company by taking into consideration views of Executive and Non-Executive Directors and Performance of the Board as whole.

The outcome of the meeting was presented to the Board along with the observations/suggestions received from Independent Directors. The suggestions received from Independent Directors have been carefully reviewed, discussed and appropriate action has been taken.

5. Board Committees

i. Audit Committee

The Audit Committee comprises of 6 (six) Non-Executive Directors, out of which 5 (five) are Independent Directors. The composition is in conformity with Regulation 18 of SEBI Listing Regulations.

During the FY 2025-26, 6 (six) meetings of the Committee were held. These meetings were held on 14th May, 2025, 6th August, 2025, 10th October, 2025, 11th November, 2025, 11th February, 2026 and 10th March, 2026.

The composition of the Committee as at 31st March, 2026 and attendance at its meetings during the FY 2025-26, are given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	Dr. Kandathil Mathew Abraham (Chairman)	Non-Executive and Independent	6
2	Mr. Vinesh Kumar Jairath	Non-Executive and Non-Independent	6
3	Mr. Satish Jamdar	Non-Executive and Independent	6
4	Mr. Yogesh Kapur	Non-Executive and Independent	6
5	Mr. Arvind Goel	Non-Executive and Independent	6
6	Mr. Srikumar Vijayasekharan (with effect from 12 th November, 2025)	Non-Executive and Independent	2

The Company Secretary acts as the Secretary to the Audit Committee. The Managing Director, Chief Executive Officer and the Chief Financial Officer attends the Audit Committee Meetings. The representatives of the Internal Auditor, Statutory Auditors, Cost Auditors and Business Unit/ Operation Heads whenever required are invited to the Audit Committee meetings.

The role/terms of references of Audit Committee broadly include:

- Reviewing with the management, the quarterly/annual financial statements before submission to the Board for approval;
- Recommendation for appointment of statutory and cost auditor and their remuneration;
- Review of Internal audit reports relating to internal control weaknesses and discussion with internal auditors any significant findings and follow up thereon;

- iv. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
- b. Changes, if any, in accounting policies and practices and reasons for the same.
- c. Major accounting entries involving estimates based on the exercise of judgment by management.
- d. Significant adjustments made in the financial statements arising out of audit findings.
- e. Compliance with listing and other legal requirements relating to financial statements.
- f. Disclosure of any related party transactions.
- g. Modified opinion(s) in the Draft Audit Report.

SEBI (Prohibition of Insider Trading) Regulations, 2015 including amendments thereunder.

The Audit Committee had a separate independent interaction on 10th March 2026 with the Statutory Auditors, Internal Auditors, Secretarial Auditor and Cost Auditor of the Company without the presence of Executive Directors and Management representatives. The key points of their interactions were briefed by the Chairman of the Audit Committee to the Board of Directors and also the Chairman informed the Board that the Independent Directors were satisfied with the outcome of interaction with the Statutory Auditors, Internal Auditors, Secretarial Auditors and Cost Auditors of the Company.

ii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 3 (three) Non-Executive Directors, out of which 2 (two) are Independent Directors. The composition is in conformity with Regulation 19 of SEBI Listing Regulations.

During FY 2025-26, 4 (four) meetings of the Committee were held. These meetings were held on 14th May, 2025, 6th August, 2025, 11th November, 2025 and 10th March, 2026.

The composition of the Committee and attendance at meeting as at 31st March, 2026 is given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	Mr. Satish Jamdar (Chairman)	Non-Executive and Independent	4
2	Mr. Rahul C. Kirloskar (with effect from 1 st April, 2025)	Non-Executive and Non-Independent	4
3	Mrs. Purvi Sheth	Non-Executive and Independent	4

The role/terms of reference of the Nomination and Remuneration Committee broadly include:

- i. To identify persons who are qualified to become directors in accordance with the criteria laid down in the Companies Act, 2013 read with Rules made thereunder including amendments thereunder and SEBI Listing Regulations and recommend to the Board their appointment and removal;
- ii. To make recommendations to the Board concerning suitable candidates for the role of independent director;
- iii. To formulate policy relating to the remuneration for the directors, key managerial personnel and other employees;
- iv. Evaluation of performance of each Director;
- v. Recommendation of appointment and remuneration of senior management one level below the Board;

- vi. Review succession planning mechanism and recommend changes/modifications thereto, if required, to the Board for its consideration;
- vii. To seek professional guidance in succession planning mechanism, if required and to set terms and conditions, including as to remuneration, in this regard, in consultation with the Chairman of the Board;
- viii. Constitute a panel comprising of such members of the Nomination and Remuneration Committee and external experts, if any, as it deems fit, for identifying candidates to fill vacancies at senior management level and to recommend appointment of senior management personnel, as and when required and set the terms and conditions, including as remuneration of panelists, in consultation with the Chairman of the Board; and

- ix. All other terms/role as specified under Section 178 of the Companies Act, 2013 and Rules thereof including amendments thereunder and SEBI Listing Regulations and assigned by the Board of Directors of the Company from time to time.

iii. Stakeholder's Relationship Committee

The Stakeholder's Relationship Committee comprises of 3 (three) Directors out of which the Chairman is an Independent Director. The composition is in conformity with Regulation 20 of SEBI Listing Regulations.

During the FY 2025-26, 5 (five) meetings of the Committee were held. These were held on 25th April, 2025, 17th June, 2025, 24th September, 2025, 11th November, 2025 and 5th January, 2026.

The role/terms of references of the Committee are as specified under Section 178 of the Companies Act, 2013 and Rules thereof, including amendments thereunder and SEBI Listing Regulations. The Committee has been constituted including but not limited to specifically look into shareholders'/investors' complaints/grievances like share transfer by way of transmission or name deletion etc., non-receipt of Balance Sheet, non-receipt of declared dividends etc. and redressal thereof and evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company.

The composition of the Committee and attendance at its meetings as at 31st March, 2026 are given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	Mr. Yogesh Kapur (Chairman)	Non-Executive and Independent	5
2	Ms. Gauri Kirloskar	Managing Director	5
3	Mrs. Purvi Sheth	Non-Executive and Independent	5

Status of Investor Complaints as on 31st March, 2026 and reported under Regulation 13 of SEBI Listing Regulations, is as under:

Complaints as on 1 st April, 2025	0
Received during the year	15
Resolved during the year	15
Pending as on 31 st March, 2026	0

Name, designation and address of Compliance Officer

Ms. Farah Irani, Company Secretary and Compliance Officer

Kirloskar Oil Engines Limited (Secretarial Department)

Registered Address:

Laxmanrao Kirloskar Road,

Khadki, Pune - 411 003

Tel: 91 - 20 25810341 (Extn. - 4461) **Fax:** 91- 20 25813208 and 25810209

E-mail: farah.irani@kirloskar.com

Corporate Office Address:

One Avante, Level 7 to 12, Karve Road,

Kothrud, Pune-411038

Designated email ID for Investors: investors@kirloskar.com

The Company has displayed same email ID on its website for the reference of shareholders.

iv. Risk Management Committee

The Risk Management Committee of the Company comprises of 3 (three) Independent Directors. The composition is in conformity with Regulation 21 of SEBI Listing Regulations.

During the FY 2025-26, 4 (four) meetings of the Committee were held. These were held on 14th May, 2025, 6th August, 2025, 11th November, 2025 and 11th February, 2026.

The composition of the Committee and attendance at meeting as at 31st March, 2026 is given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	Mr. Satish Jamdar (Chairman)	Non-Executive and Independent	4
2	Dr. Shalini Sarin	Non-Executive and Independent	4
3	Dr. Kandathil Mathew Abraham	Non-Executive and Independent	4

The role/terms of References of the Committee are as specified under SEBI Listing Regulations which specifically covers review of cyber security of the Company.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 which was effective from 5th May, 2021, the terms of references of the Committee was amended to include review of sustainability particularly Environment, Social and Governance (“ESG”) Risks and Business Continuity Plan.

ESG Steering Committee set up comprises of Managing Director, Chief Financial Officer, Independent Director, Company Secretary and EHS representative to oversee progress on ESG initiatives and implementation strategy.

During the financial year under review, the Committee reviewed targets for Social and Governance, the updates on ESG framework for the Company viz., ESG journey recap, framework for ESG commitments, key focus areas of ESG programme, next steps - key programmes for FY 2025-26, Materiality Refresh, Supply Chain Assessment and Life Cycle Analysis.

v. Senior Management

Particulars of senior management including the changes therein since the close of the previous financial year:

Sr. No.	Name	Designation	Changes, if any
1	Ms. Gauri Kirloskar	Managing Director	NA
2	Mr. Rahul Sahai	Chief Executive Officer	NA
3	Mr. Sachin Kejriwal	Chief Financial Officer	NA
4	Mr. George Verghese	Head of Human Resources (Chief Human Resources Officer - CHRO)	Expiry of term with effect from 18 th May, 2025
5	Mrs. Kiran Khapre	Chief Human Resources Officer	Appointed with effect from 19 th May, 2025
6	Ms. Farah Irani	Company Secretary and Compliance Officer	NA

6. Remuneration to Directors

The Company has adopted a Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management Personnel which is uploaded on website of the Company.

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, approved all remuneration in whatever form including increment/promotions based on appraisals, payable to Key Managerial Personnel and Senior Management Personnel of the Company.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Director. The Board based on recommendation of Nomination and Remuneration Committee, decides the commission payable to the Executive Director on determination of the profits for the Financial Year, within the ceilings prescribed under the Companies Act, 2013 and

Rules thereof, including amendments thereunder. Agreement have been separately entered into with the Executive Director setting out the terms and conditions of appointment and tenure as recommended by the Committee and approved by the Board and the members. There is no notice period and no severance fees prescribed in the agreement.

The Board of Directors based on recommendation of Nomination and Remuneration Committee decides the remuneration payable to Non-Executive Directors by way of Commission, based on parameters for performance evaluation given under the Nomination and Remuneration Policy. The members at the Annual General Meeting of the Company held on 12th August, 2014, approved the payment of commission to the Non-Executive Directors, at the rate of 1% of the net profits of the Company computed in the manner laid down in the Companies Act, 2013 and Rules thereof including amendments thereunder.

Sitting fees of ₹1,00,000/- per Director per meeting of the Board, ₹75,000/- per Director per meeting of Audit Committee, ₹50,000/- per Director per meeting of Nomination and Remuneration Committee as well as Risk Management Committee and ₹25,000/- per Director per meeting of Corporate Social Responsibility Committee as well as Stakeholder’s Relationship Committee are payable to Non-Executive Directors for the meetings attended.

The Company has obtained Directors’ and Officers’ liability insurance coverage in respect of any legal action that might be initiated against Directors/Officers of the Company and its subsidiary companies.

During the financial year under review, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of sitting fees and commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

Following are the details of the remuneration paid/payable to Directors during FY 2025-26:

Amount in ₹								
Sr. No.	Name of Director	Basic Salary	Allowances	Statutory Contributions	Perquisites*	Commission	Sitting Fees	Total
Executive Director								
1	Ms. Gauri Kirloskar	90,08,819	40,44,202	10,81,059	3,98,692	6,72,00,000	-	8,17,32,772
Non-Executive Directors								
2	Mr. Atul Kirloskar upto close of working hours of 31 st March, 2026	-	-	-	-	1,82,00,000	6,00,000	1,88,00,000
3	Mr. Rahul C. Kirloskar	-	-	-	-	30,00,000	8,50,000	38,50,000
4	Mr. Vinesh Kumar Jairath	-	-	-	-	20,00,000	10,50,000	30,50,000
5	Mr. Satish Jamdar	-	-	-	-	30,00,000	14,50,000	44,50,000
6	Dr. Kandathil Mathew Abraham	-	-	-	-	32,50,000	12,50,000	45,00,000
7	Dr. Shalini Sarin	-	-	-	-	20,00,000	7,50,000	27,50,000
8	Mr. Yogesh Kapur	-	-	-	-	20,00,000	11,75,000	31,75,000
9	Mrs. Purvi Sheth	-	-	-	-	20,00,000	8,25,000	28,25,000
10	Mr. Arvind Goel	-	-	-	-	20,00,000	10,50,000	30,50,000
11	Mr. Srikumar Vijayasekharan with effect from 11 th November, 2025	-	-	-	-	9,99,000	4,50,000	14,49,000
Total		90,08,819	40,44,202	10,81,059	3,98,692	10,56,49,000	94,50,000	12,96,31,772

Notes:

- Allowances include house rent and leave travel allowance.
- Statutory Contributions include Company’s contribution to Provident Fund and Superannuation Fund/Annuity Fund/National Pension Scheme.
- *Perquisites includes House rent paid, reimbursement of medical, gas and electricity expenses, perquisite value as per Income Tax Rules for furniture at residence but excludes motor car. The above figures do not include provision for leave encashment and gratuity as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for gratuity and leave encashment.

7. Employee Stock Option Plan

No options granted to Independent Directors of the Company during the year under review in terms of Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019. The further details are forming part of Board’s Report for the year ended 31st March, 2026.

8. Details On General Body Meetings

The details of General Meetings of the shareholders, held during previous 3 years are as under:

During FY	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2023-24	11 th August, 2023	11.30 a.m.	Annual General	Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 (“the Act”) and Rules thereof read with the General Circular No. 14/2020 dated 8 th April, 2020; the General Circular No. 17/2020 dated 13 th April, 2020, the General Circular No. 20/2020 dated 5 th May, 2020, General Circular No. 02/2021 dated 13 th January, 2021, the General Circular No. 21/2021 dated 14 th December, 2021, the General Circular No. 2/2022 dated 5 th May, 2022 and General Circular No. 10/2022 dated 28 th December, 2022 issued by the Ministry of Corporate Affairs (herein after referred as “Circulars”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 th January, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 th May, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 th January, 2023	1. Appointment of Mr. Arvind Goel (DIN 02300813) as an Independent Director of the Company to hold office for a first term of 5 (five) consecutive years with effect from 19 th May, 2023. 2. Alteration of Object Clause of the Memorandum of Association of the Company.
2024-25	8 th August, 2024	11.30 a.m.	Annual General	Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 (“the Act”) and Rules thereof read with the General Circular No. 14/2020 dated 8 th April, 2020; the General Circular No. 17/2020 dated 13 th April, 2020, the General Circular No. 20/2020 dated 5 th May, 2020, the General Circular No. 02/2021 dated 13 th January, 2021, the General Circular No. 21/2021 dated 14 th December, 2021, the General Circular No. 2/2022 dated 5 th May, 2022 and the General Circular No. 10/2022 dated 28 th December, 2022, and General Circular No.09/2023 dated 25 th September, 2023, issued by the Ministry of Corporate Affairs (herein after referred as “Circulars”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 th January, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 th May, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 th January, 2023, Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11 th July, 2023, and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7 th October, 2023	1. Re-Appointment of Dr. Kandathil Mathew Abraham (DIN 05178826) as an Independent Director of the Company to hold office for a Second term of 5 (five) consecutive years with effect from 10 th August, 2024. 2. Re-Appointment of Dr. Shalini Sarin (DIN 06604529) as an Independent Director of the Company to hold office for a Second term of 5 (five) consecutive years with effect from 25 th October, 2024
2025-26	7 th August, 2025	11.30 a.m.	Annual General	Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 (“the Act”) and Rules thereof read with the General Circular No. 14/2020 dated 8 th April, 2020; the General Circular No. 17/2020 dated 13 th April, 2020, the General Circular No. 20/2020 dated 5 th May, 2020, the General Circular No. 02/2021 dated 13 th January, 2021, the General Circular No. 21/2021 dated 14 th December, 2021, the General Circular No. 2/2022 dated 5 th May, 2022 and the General Circular No. 10/2022 dated 28 th December, 2022, and General Circular No.09/2023 dated 25 th September, 2023 and the General Circular No. 09/2024 dated 19 th September, 2024, issued by the Ministry of Corporate Affairs (herein after referred as “Circulars”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 th January, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 th May, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 th January, 2023, SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3 rd October, 2024 and SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11 th November, 2024	1. Consent to the Board of Directors of the Company and Arka Fincap Limited (“AFL” – a step-down material subsidiary company) for sell/disposal/ transfer/assignment/ securitisation of assets including, present and/or future loan receivables/book, book debts and investments of AFL exceeding 20% of the assets of AFL, in one or more tranches during any Financial Year but not exceeding ₹ 3,000 Crores in any Financial Year

9. Resolution Passed by Postal Ballot

During the FY 2025-26, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in the meeting held on 11th November, 2025, had approved the appointment of Mr. Srikumar Vijayasekharan (DIN 07810464) as an Independent Director of the Company for a first term of 5 (five) consecutive years w.e.f. 11th November, 2025, subject to the approval of the members of the Company by Postal Ballot pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, including amendments thereunder.

The members of the Company by way of postal ballot and e-voting with requisite majority, on 15th January, 2026, approved the appointment of Mr. Srikumar Vijayasekharan (DIN 07810464) as an Independent Director of the Company for a first term of 5 (five) consecutive years w.e.f. 11th November, 2025.

Mrs. Manasi Paradkar, Practicing Company Secretary [FCS- 5447, CP – 4385] was appointed as the Scrutiniser for conducting the postal ballot and e-voting exercise.

The postal ballot results were declared on 16th January, 2026. The details of Voting Pattern are as below:

Number of votes in favour of the resolution – 10,82,41,769 (99.94%).

Number of votes against the resolution – 67,726 (0.063%).

10. Particulars of Appointment/ Re-Appointment of Directors

The particulars of appointment/re-appointment of directors are given in the explanatory statement of notice of the Annual General Meeting.

11. Means of Communication

a. Quarterly results

The Quarterly and Half Yearly results are published in national and local dailies such as Financial Express (English – all quarters) and Loksatta (Marathi – all quarters), having wide circulation. Since the results of the Company were published in the newspapers, half yearly reports were not sent individually to the shareholders. The Company's results, Press Release on results and official news releases are displayed on the Company's website www.kirloskaroilengines.com and also available on the websites, viz. www.bseindia.com and www.nseindia.com.

b. Presentations to Institutional Investors/Analysts

Presentations are made to analysts on a quarterly basis. The presentations are displayed on Company's website www.kirloskaroilengines.com under Investors' Relations section and also disseminated to the BSE Limited and National Stock Exchange of India Limited where Company's equity shares are listed.

In addition to above, K-Group Investor Day, investor interactions one-to-one and participation in various Group investors meetings were also organised during the year under review.

c. NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre

The NEAPS and the Listing Centre of BSE are web based application designed by National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”) respectively for corporates. All periodical compliance filings like shareholding pattern, corporate governance report/Integrated filing – Governance Report, Quarterly Results, Corporate Announcements etc. are filed electronically on NEAPS and the Listing Centre of BSE.

12. General Information for Shareholders

a. Annual General Meeting

Corporate Identification Number (CIN)	L29100PN2009PLC133351 (Registrar of Companies, Pune)
Annual General Meeting	Date and Day : 7 th August, 2026, Friday Time : 11.30 am Venue : Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)
Financial Year ended	31 st March, 2026
Dividend payment date	On or before 5 th September, 2026
Book Closure	1 st August, 2026 to 7 th August, 2026 (Both days inclusive)
Last date of receipt of proxy forms	The requirement of accepting Proxy Forms has been dispensed with as per MCA Circular No. 20/2020 dated 5 th May, 2020, as it is directed to conducting Annual General Meeting through VC/OAVM.
Financial Calendar 2025-26	During FY 2025-26 the results were announced as under: First quarter : 6 th August, 2025 Second quarter : 11 th November, 2025 Third quarter : 11 th February, 2026 Fourth quarter and FY 2025-26: 14 th May, 2026
International Security Identification Number (ISIN)	INE146L01010
Name and address of Stock Exchange and Stock Code	1. BSE Limited (BSE) - 533293 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. 2. National Stock Exchange of India Limited (NSE) - KIRLOSENG Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
Listing fees	The Annual Listing fee for FY 2025-26 has been paid to BSE and NSE, where the Company's shares are listed.

b. Shareholding Pattern as on 31st March, 2026

Category	No. of shares of ₹ 2/- each	% of Share holding
Promoter and Promoter Group	5,97,05,363	41.07
Foreign Institutional Investors ("FII")	1,56,86,894	10.79
Foreign National	1,132	0.00
Individuals	2,38,17,590	16.39
Insurance Companies	21,13,437	1.45
Financial Institution and Banks ("FI & Banks")	53,276	0.04
Mutual Fund	3,61,49,331	24.87
Bodies Corporate	21,62,153	1.49
Non Resident Indians	9,01,773	0.62
Investor Education and Protection Fund	25,91,580	1.78
Others	21,76,680	1.50
Total	14,53,59,209	100.00

c. Distribution of shareholding as on 31st March, 2026

Range of Shares	No. of shareholders	No. of Shares	% to total shares
1- 500	1,01,655	50,45,979	3.47
501-1000	3,057	22,37,612	1.54
1001-5000	3,063	65,81,757	4.53
5001-10000	426	30,64,752	2.11
10001-20000	201	27,78,864	1.91
20001-30000	66	15,97,942	1.10
30001-40000	30	10,52,804	0.72

Range of Shares	No. of shareholders	No. of Shares	% to total shares
40001-50000	29	13,09,670	0.90
50001-100000	59	43,15,066	2.97
100001-Above	110	11,73,74,763	80.75
Total	1,08,696	14,53,59,209	100.00

Dematerialisation of shares and liquidity (as on 31st March, 2026)	14,35,24,988 Equity Shares (98.74%)
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs/ADRs/Warrants or any Convertible instruments.

d. Market Price Data

Monthly high/low share prices during the FY 2025-26 on the BSE and NSE are as below:

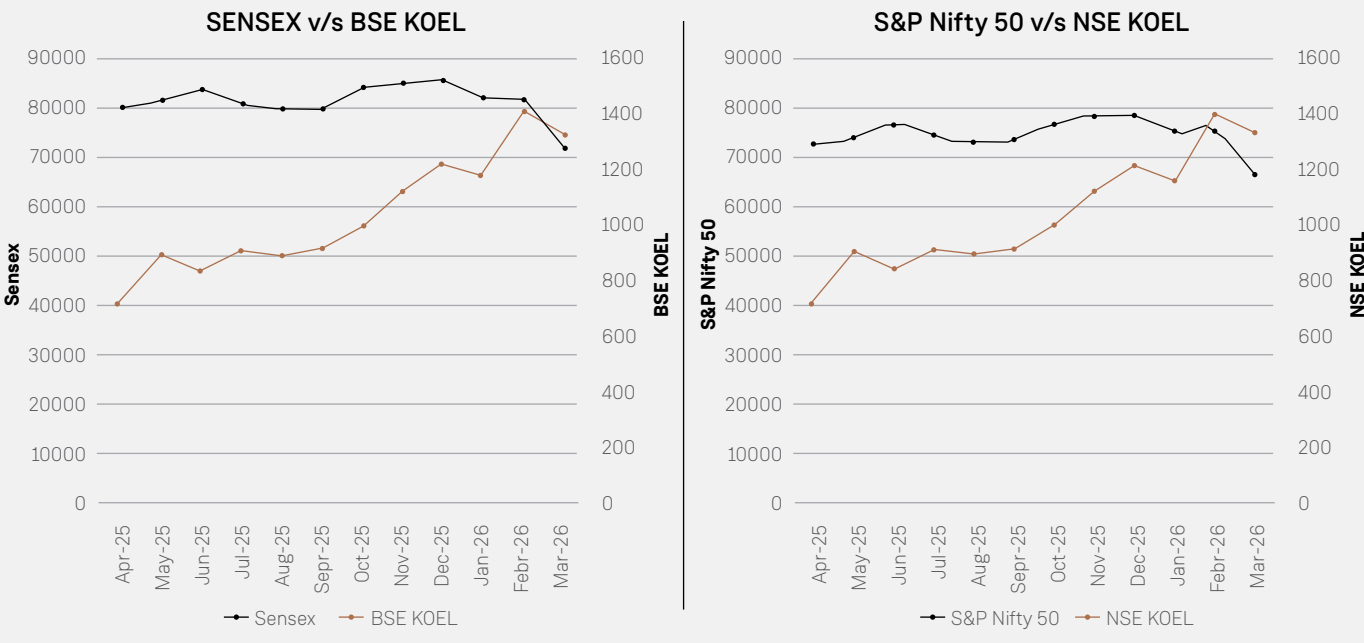
BSE

Month	High Price	Low Price
Apr-25	767.00	585.75
May-25	923.55	662.05
Jun-25	937.60	826.50
Jul-25	966.80	830.00
Aug-25	988.80	860.00
Sep-25	984.40	855.95
Oct-25	1028.50	866.10
Nov-25	1194.60	934.10
Dec-25	1329.10	1068.10
Jan-26	1278.00	1058.00
Feb-26	1475.00	1100.45
Mar-26	1529.40	1255.50

NSE

Month	High Price	Low Price
Apr-25	776.00	578.50
May-25	923.00	664.05
Jun-25	933.10	825.60
Jul-25	966.90	829.60
Aug-25	988.00	859.20
Sep-25	984.20	855.80
Oct-25	1029.00	865.55
Nov-25	1194.95	933.20
Dec-25	1329.00	1068.30
Jan-26	1278.50	1058.50
Feb-26	1475.50	1101.30
Mar-26	1530.00	1254.90

Performance of monthly close price of the Company's Scrip on the BSE and NSE as compared to the monthly close S&P SENSEX and S&P Nifty 50 for the FY 2025-26



e. Share Transfer System

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

Pursuant to various SEBI Circulars, it is mandatory for the Company to issue shares only in demat form while processing investor service requests viz., issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal/ exchange of securities certificate, endorsement, sub-division/ splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. Further, SEBI has substituted the earlier requirement of issuance of a physical 'Letter of Confirmation' ("LOC") in lieu of duplicate share certificates, and the Company/the RTA are now required to directly credit the shares to the demat account in lieu of the share certificate while processing any of the aforesaid investor service requests.

The Form ISR-4 is available on the website of the Company and can be downloaded from the website of the Company.

The information on procedures and forms, which are being asked for by the members frequently, viz., Indemnity/Affidavit etc. for issue of duplicate certificates, transmission procedure, change of address, NECS form, Nomination Form, information about shares allotted pursuant to the Scheme of Arrangement for Demerger/Composite Scheme etc. are uploaded on the Company's website under Investors' Relations section.

f. List of all credit ratings obtained by the Company during the Financial Year for all debt instruments or any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad

CRISIL has reaffirmed the credit rating at AA+/Stable for Company's long term bank facility and CRISIL A1+ for short term bank facility and Commercial Papers.

g. Address for correspondence

Registrar and Share Transfer Agent

The Company had appointed MUFG Intime India Private Limited (*earlier known as Link Intime India Private Limited*) as Registrar & Share Transfer Agent ("R & T Agent"). All physical transfers, transmission, transposition, issue of duplicate share

certificate(s), change of address etc. as well as requests for dematerialisation/rematerialisation are being processed at MUFG Intime India Private Limited.

The contact details are as follows:

MUFG Intime India Private Limited (<i>earlier known as Link Intime India Private Limited</i>)	Block No. 202, 2 nd Floor, 'Akshay' Complex, Off. Dhole Patil Road, Pune - 411 001 Tel: 91- 20 26161629/26160084/4601 4473 Email: - investor.helpdesk@in.mpms.mufg.com
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h. Investor Education and Protection Fund ("IEPF")

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and including amendments thereunder ("IEPF Rules") dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF"). The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisements. The Company had frequently sent communication to these shareholders by email whose email address are available with RTA/DP and also through various other modes viz. notice of general meeting or notice regarding deduction of tax at source ("TDS") for dividend payment etc.

The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company <https://www.kirloskaroilengines.com/investor-contact>.

Further, the Company has also appointed Deputy Nodal Officers to assist the Nodal Officer to *inter-alia* verify the claim(s) and co-ordinate with the IEPF Authority.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2025 on the Company's website and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in.

i. Plant Locations

Sr. No.	Location	Address	Products manufactured
1	Pune	Laxmanrao Kirloskar Road, Khadki, Pune, Maharashtra - 411 003	Engineering and Genset Manufacturing
2	Kagal	Plot No. D1, 5 Star MIDC, Kagal-Hatkanangale Industrial Area, Tal - Hatkanangale, Kolhapur, Maharashtra - 416236	Engines and Generator Set
3	Nashik	A-11/1, MIDC, Ambad, Nashik, Maharashtra - 422010	Engines and Gensets
4	Bhare	Plot No. 10 A, Gat No. 405, Village - Bhare, Tal. Mulshi, Pune, Maharashtra - 412115	Genset and Power Weeder Engines

13. Disclosures

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub - regulation (2) of Regulation 46 of SEBI Listing Regulations except that the prior approval for the related party transaction between Kirloskar International ME FZE, UAE, a wholly owned subsidiary and Kirloskar DMCC a related party of the Company to which the Holding Company/KOEL was not a party, during the period October 2025 to March 2026 (not a material Related Party Transaction and the same was at arm's length basis) was not obtained pursuant to Regulation 23(2)(c) of the SEBI Listing Regulations, and subsequently approved in the Audit Committee Meeting held on 14th May, 2026.

This Corporate Governance Report of the Company for the FY 2025-26 is in compliance with the requirements of Corporate Governance under SEBI Listing Regulations.

a. Related Party Transactions

There were no materially significant related party transactions during the Financial Year that have a potential conflict with the interests of the Company at a large. Related Party Disclosure as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations and Indian Accounting Standards (IND AS 24) has been made in Note No. 41.5.11 to the Standalone Financial Statements in the Annual Report.

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

The Board of Directors had formulated a policy for dealing with related party transactions which is available on the website of the Company. (Web-link - <https://www.kirloskaroilengines.com/documents/6887317/c0fd406c-3e96-3899-c106-ee7575b74c5c>)

b. Details of capital market non-compliance, if any

There have been no instances of non-compliances by the Company on any matters related to capital markets in the last 3 (three) years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets.

c. Vigil Mechanism/Whistle Blower Policy

The Company has a Vigil Mechanism/Whistle Blower Policy to deal with instances of fraud, unethical behavior, mismanagement etc. This Policy has been amended with effect from 1st April, 2019 to include instances of leakage of Unpublished Price Sensitive Information. This would, *inter-alia*, provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. No person has been denied access to the Audit Committee in this regard. The policy is uploaded on the website of the Company.

As a part of journey towards excellence in Corporate Governance, the Board of Directors amended the Whistle Blower Policy to adopt online whistle blower mechanism by email or 24 hours hotline number, website or other mode of communication through an independent person/firm. This mechanism has provided platform to the employees of the Company to ask questions or report any potential instance of ethical misconduct, malpractice or non-compliance.

d. Policy on Material Subsidiary

The Board of Directors had formulated a Material Subsidiary policy which is available on the website of the Company.

Web-link - <https://www.kirloskaroilengines.com/documents/6887317/8701bd67-644d-8699-63a1-cf1af56488ea>)

During the year under review, as per the audited Consolidated Financial Statements of the Company for FY 2024-25, Arka Financial Holdings Private Limited and Arka Fincap Limited were "material subsidiaries" of the Company as per Regulation 16(1)(c) of the SEBI Listing Regulations.

e. Dividend Distribution Policy

Pursuant to Regulation 43A of SEBI Listing Regulations, the Board of Directors had formulated a Dividend Distribution Policy which is available on the website of the Company.

(Web-link - <https://www.kirloskaroilengines.com/documents/6887317/2c1214b2-96a6-ce9c-5988-c9673c6cee2d>)

f. Policy on Preservation of Documents

Pursuant to the Regulation 9 of the SEBI Listing Regulations, the Board of Directors has approved the Policy for Preservation of Documents.

g. Disclosure of commodity price risk, foreign exchange risk and commodity hedging activities

The Company does not have any significant direct exposure in commodities for hedging through commodity derivatives. The Company manages the foreign exchange risk and hedge to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports, as and when required. The details of foreign currency exposure are disclosed in Note No. 40.5.15 to the financial statements in the Annual Report.

h. CEO/CFO Certification

The CEO/CFO Certificate signed by Ms. Gauri Kirloskar, Vice Chairperson & Managing Director and Mr. Sachin Kejriwal, Chief Financial Officer was placed before the meeting of the Board of Directors held on 14th May, 2026 stating that the financial results do not contain any false or misleading statement or figures and do not omit any material fact, which may make the statement, or figures contained therein misleading and also that no transaction has taken place which is illegal/violative to company's conduct.

i. Disclosure with respect to unclaimed shares

Pursuant to SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16th December, 2010 and Regulation 39(4) read with Schedule VI of the SEBI Listing Regulations, the Company has sent two reminder letters to those members, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible members if these members submit the necessary documents to the Company.

As on 31st March, 2026, the total unclaimed equity shares are 2,17,275 shares.

j. Certificate from the Practicing Company Secretary

The certificate from M/s. M. J. Risbud & Co., a proprietorship firm of Mr. Mahesh J. Risbud, Practicing Company Secretary (Certificate of Practice No. CP185, Membership No. F810, Firm Registration No. S1981MH000400, Peer Review Certificate No. 7628/2026 dated 30th January, 2026) stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been obtained.

k. Recommendations of Committee of Board of Directors

During the Financial Year under review, the Board has accepted all the recommendations given by the Committees of the Board, which are mandatorily required.

l. Statement of fees paid by the Company along with its Subsidiary Company to Statutory Auditors

Fees of ₹ 58 Lakhs was paid by the Company, fees of ₹ 0.77 Lakhs was paid by Arka Financial Holdings Private Limited, Subsidiary Company upto 6th August, 2025 and fees of ₹ 0.58 Lakhs was paid by Arka Investment Advisory Services Private Limited, step-down Subsidiary Company upto 6th August, 2025 to M/s. G.D. Apte & Co., Chartered Accountants, Statutory Auditors of the Company during the FY 2025-26.

m. Disclosure of Sexual Harassment at Workplace

The Company is committed to maintain an environment in which all its employees can work together in an environment free from prejudice or harassment or any form of intimidation or exploitation including, gender violence, sexual harassment and discrimination on the basis of gender.

The Company has an Internal Complaints Committee ("ICC") constituted for each location, all committee members and their contact details are available on the Company's internal portal along with the Policy on Prevention of Sexual Harassment ("POSH"), which is accessible to all employees of the Company.

Awareness programmes are conducted on the POSH during the Financial Year. Also, all new joiners at the Company undergo separate induction on POSH policy. Online course on POSH is made available to employees which includes details of regulatory requirements, incidents that constitutes sexual harassment, dealing with sexual harassment etc.

There were no complaints filed/pending with the Company during the FY 2025-26 in relation to sexual harassment of women at workplace.

n. Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

NIL

o. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

Not Applicable

p. Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

Information of Material Subsidiaries based on the audited Consolidated Financial Statements of the Company for FY 2025-26 is as under:

Sr. No.	Name of Material Subsidiary	Date of Incorporation	Place of Incorporation	Name of Statutory Auditor	Date of Appointment of Statutory Auditors
1	Arka Fincap Limited	20 th April, 2018	Mumbai	Singhi & Co., Chartered Accountants, Mumbai (having FRN 302049E)	30 th April, 2024 for a term of 3 (three) years from FY 2024-25 to FY 2026-27.
2	Arka Financial Holdings Private Limited	13 th July, 2021	Mumbai	M/s. G. D. Apte & Co., Chartered Accountants, Pune, (having FRN. 100 515W) Sudit K. Parekh & Co. LLP Chartered Accountants (Firm Registration No. 110512W/W100378)	Resigned with effect from 6 th August, 2025. 6 th August, 2025 for a term of 3 (three) years from FY 2025-26 to FY 2027-28

q. Information disclosed under clause 5A of Paragraph A of Part A of Schedule III

The Company has filed Writ Petition (OS) No. 495 of 2025 - *Kirloskar Oil Engines Limited & Anr. v. Securities and Exchange Board of India* ("Writ Petition") before the Hon'ble Bombay High Court *inter-alia* challenging the constitutional validity of Regulation 30A read with Clause 5A of Part A of Para A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations"). One of the primary contentions taken by the Company in the said Writ Petition was that a mere disclosure of an agreement by a listed entity, to which such listed entity is not a party, shall not automatically bind the listed entity in absence of adoption or ratification of such agreement by the listed entity. During the course of the hearing in the Writ Petition, SEBI agreed with the Company's stand and provided a clarification in the Affidavit in Reply filed by SEBI before the Hon'ble Bombay High Court as well as the hearing conducted, that the mere disclosure of any agreement by a listed entity, shall not, by itself mean that the listed entity admits that such agreement is binding on itself or as having an impact on its management or control, or imposing any restriction or creating any liability upon itself. SEBI further clarified that the listed entities may include such a disclaimer as a part of their disclosure.

Pursuant to and relying upon the aforesaid clarifications issued by SEBI to the Regulations, as more particularly contained in the Order dated 23rd September, 2025 passed by the Hon'ble Bombay High Court in the Writ Petition, the Company disclosed the Deed of Family Settlement dated 11th September, 2009, entered amongst some of the individual members of the Kirloskar family in their individual capacities ("DFS") under the Regulations (as read with SEBI's clarifications) subject to the following disclaimers/clarifications:

- (i) The Company states that mere disclosure of the DFS by the Company, shall not mean that the Company admits to the contents of the DFS or otherwise that such DFS

is binding on the Company or as having an impact on its management or control, or imposing any restriction or creating any liability upon itself.

- (ii) The Company expressly states that the Company is neither a party to the DFS nor has it ever taken the DFS on record nor has it otherwise ratified or approved the DFS and neither has it agreed to be bound by the DFS.

- (iii) The Company does not admit that the DFS is binding on the Company or that the DFS otherwise in any manner has any impact on its management or control, and the Company expressly states that the DFS does not impose any restriction or create any liability upon the Company in any manner whatsoever.

r. Non-Mandatory/discretionary requirements

The extent of adoption of non-mandatory/discretionary requirements is as follows:

i. The Board

The Chairman of the Company as on 31st March, 2026 is a Non-Executive Director. He is entitled to maintain his office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.

ii. Audit qualifications

There are no audit qualifications on the financial statements of the Company.

iii. Shareholder Rights

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation, and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any declaration of half-yearly performance to the shareholders.

Declaration for Compliance with Code of Conduct

The members of **Kirloskar Oil Engines Limited**

I hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendment thereunder.

For **Kirloskar Oil Engines Limited**

Place: Pune
Date: 14th May, 2026

Sd/-
Gauri Kirloskar
Vice Chairperson & Managing Director

Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder

The Members

Kirloskar Oil Engines Limited

We have examined the compliance of conditions of Corporate Governance by Kirloskar Oil Engines Limited ('the Company'), for the year ended March 31, 2026, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time.

Management's Responsibility

The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We conducted our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

Opinion

Based on our examination as above and to the best of the information and explanations given to us and representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2026 except that the prior approval for the related party transaction between Kirloskar International ME FZE, UAE, a wholly owned subsidiary and Kirloskar DMCC a related party of the Company to which the Holding Company/KOEL was not a party, during the period October 2025 to March 2026 [not a material Related Party Transaction and the same was at arm's length basis] was not obtained pursuant to Regulation 23(2)(c) of the listing regulations, and subsequently approved in the Audit Committee Meeting held on May 14, 2026.

We further 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

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirements of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for any events or circumstances occurring after the date of this Certificate.

For **G. D. Apte & Co.**

Chartered Accountants
Firm Registration number: 100 515W
UDIN: 26121007KOCYKF5767

Sd/-
Anagha M. Nanivadekar
Partner
Membership Number: 121007
Pune, May 14, 2026

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and Accountable.

PRINCIPLE 2

Business should provide goods and services in a manner that is sustainable and safe

PRINCIPLE 3

Business should respect and promote the well-being of all employees,including those in their value chains

PRINCIPLE 4

Business should respect the interests of and be responsive to all its stakeholders

PRINCIPLE 5

Businesses should respect and promote human rights

PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L29100PN2009PLC133351
2.	Name of the Listed Entity	Kirloskar Oil Engines Limited
3.	Year of incorporation	2009
4.	Registered office address	Laxmanrao Kirloskar Road, Khadki, Pune – 411003
5.	Corporate address	One Avante, Karve Road, Kothrud, Pune – 411038
6.	E-mail	sustainability@kirloskar.com
7.	Telephone	020 – 25810341
8.	Website	www.kirloskaroilengines.com
9.	Financial year for which reporting is being done	FY 2025-2026
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	29.07 Crores
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Farah Irani, 7757874812, investors@kirloskar.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).	Standalone Basis
14.	Name of assurance provider	BDO India Services Private Limited
15.	Type of assurance obtained	Reasonable Assurance of BRSR Core

II. Product/Services

16. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	B2B Segment	Power Generation, Industrial, Distribution & Aftermarket and International Business	100%

Note: The Company's Business to Customer ("B2C") business segment i.e. Water Management Solutions ("WMS") – Domestic & Exports Business was transferred by way of slump sale as a going concern to its wholly owned subsidiary, 'KOEL Fluid Dynamics Private Limited' (KFD) (Formerly known as La-Gajjar Machineries Private Limited ("LGM") with effect from 11th October 2025. The operations of the aforesaid transferred business has been classified as discontinued operations in the Statement of Profit and Loss and hence the numbers reported are from continuing operations only.

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.	Gensets	271	33.7%
2.	Engines	281	57%

*Based on net sales from continuing operations only

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*	4	10	14
International**	0	0	0

* The Business to Customer (“B2C”) business segment of the Company was transferred by way of slump sale as a going concern to its wholly owned subsidiary, KOEL Fluid Dynamics Private Limited (“KFD”) with effect from 11th October, 2025. Accordingly, thereafter the Rajkot plant activities continues to be operational under the subsidiary’s management.

**The Liaison Office established at Nepal is closed on 16th July 2025.

19. Markets served by the entity

a. Number of locations

Location	Number
National (No. of States)	All over India
International (No. of Countries)	Selected countries in North America, Europe, South America, Asia, and Africa

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

9.94%

Note: The numbers reported are from continuing operations only.

c. A brief on types of customers

B2B Segment:

The Company operates across multiple sectors in the B2B segment. In the power generation space, it serves industries such as retail, hospitality, education, healthcare, real estate, infrastructure, and telecommunications. On the industrial side, it partners with Original Equipment Manufacturers (OEMs) in sectors including industrial machinery, tractors, construction and material handling equipment, and earthmoving machinery. The Company also supports firefighting and institutional needs, providing power solutions for industrial plants, national grid requirements under the National Power Portal (NPP), and critical services such as emergency response, defence, and marine operations. In addition, it caters to commercial marine applications, fishing vessel engines, and railway requirements. Internationally, the Company’s presence spans sectors like construction, hospitality, agricultural pump sets, and mining.

B2C Segment:

The Company has transferred by way of a slump sale as a going concern, its Water Management Solutions (“WMS”) – Domestic & Exports Business (collectively, the “B2C Segment”) to its wholly owned subsidiary, KOEL Fluid Dynamics Private Limited (*formerly known as La-Gajjar Machineries Private Limited*), with effect from 11th October, 2025.

IV. Employees

20. Details as of the end of the financial year:

a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
EMPLOYEES						
1.	Permanent (D)	2260	2116	93.6%	144	6.4%
2.	Other than Permanent (E)	38	26	68.4%	12	31.6%
3.	Total employees (D+E)	2298	2142	93.2%	156	6.8%
WORKERS						
4.	Permanent (F)	120	120	100%	0	0%
5.	Other than Permanent (G)	2255	2190	97.1%	65	2.9%
6.	Total workers (F+G)	2375	2310	97.3%	65	2.7%

b. Differently abled Employees and workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	0%	0	0%
2.	Other than Permanent (E)	0	0	0%	0	0%
3.	Total differently-abled employees (D+E)	0	0	0%	0	0%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	0%	0	0%
5.	Other than Permanent (G)	0	0	0%	0	0%
6.	Total differently-abled workers (F+G)	0	0	0%	0	0%

21. Participation/Inclusion/Representation of Women:

	Total (A)	Number and percentage of Females	
		No.(B)	%(B/A)
Board of Directors	11	3	27.27
Key Management Personnel	3	1	33.33

22. Turnover rate for permanent employees and workers:

(Disclose trends for the past 3 years)

	FY 2026			FY 2025			FY 2024		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9.4%	9.7%	9.4%	8.39%	12.38%	8.76%	8.8%	12.5%	9.1%
Permanent Workers	0.0%	0.0%	0.0%	1%	0%	1%	1%	0%	1%

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	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	Kirloskar Americas Corporation, USA (KAC)	KOEL Subsidiary	100%	No
2	KOEL Fluid Dynamics Private Limited (<i>formerly known as La-Gajjar Machineries Private Limited</i>), Ahmedabad (KFD)	KOEL Subsidiary	100%	No
3	Arka Financial Holdings Private Limited, Mumbai (AFHPL)	KOEL Subsidiary	100%	No
4	Kirloskar International ME FZE, UAE (KIME)	KOEL Subsidiary	100%	No
5	Arka Fincap Limited, Mumbai (AFL)	Subsidiary of AFHPL	-	No
6	Arka Investment Advisory Services Private Limited, Mumbai (AIASPL)	Subsidiary of AFHPL	-	No
7	Engines LPG LLC dba Wildcat Power Gen, USA (ELL)	Subsidiary of KAC	-	No
8	Kirloskar Advanced Systems Private Limited	KOEL Subsidiary	NA	No

Note: Kirloskar Advanced Systems Private Limited (KASPL) was incorporated on 30th March 2026, as wholly owned subsidiary of the Company and Board of Directors of the Company has approved the initial investment in the share capital of KASPL of ₹ 9 Crores.

VI. CSR Details

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

(ii) Turnover* (in ₹): 5,603.85 Crores

(iii) Net worth (in ₹): 3,348.38 Crores

*The numbers reported are from continuing operations only.

VII. Transparency and Disclosure Compliances

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

Stakeholder group from whom the complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2026			FY 2025		
		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	0	0	-	0	0	-
Employees and workers	Yes	0	0	-	0	0	-
Customers	Yes	2,67,015	287	-	2,46,735	395*	-
Value Chain Partners	Yes	0	0	-	0	0	-
Other (please specify)	NA	0	0	-	0	0	-

*Out of 395 open complaints, 376 complaints were closed by 30th April, 2025.

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, and approach to adapt or mitigate the risk along with its financial implications, as per the following format:

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Corporate Governance	Both (Risk and Opportunity)	As KOEL pursues its strategic ambition of becoming a diversified, global energy solutions provider, the scale and complexity of operations have increased across geographies, subsidiaries and regulatory environments. Robust corporate governance is critical to ensure effective Board oversight, ethical conduct, transparent decision-making and compliance with evolving legal and regulatory requirements. Failing to continuously align governance practices with evolving regulations could expose the Company to compliance, reputational or operational risks, while strong governance enhances investor confidence, stakeholder trust and long-term value creation.	The Company continues to strengthen its governance framework through clearly defined roles and responsibilities, a diverse and experienced Board, independent Board committees, comprehensive policies and a strong control environment. Key mechanisms include periodic Board and committee evaluations, an integrated Governance, Risk and Compliance (GRC) framework, Enterprise Risk Management, internal and external audits, a well-established vigil mechanism and continuous monitoring of regulatory changes. Regular training and awareness programmes support ethical conduct and compliance across the Company.	Positive: Strong governance supports sustainable growth, improves access to capital, enhances market credibility and strengthens long-term shareholder value. Negative: Weak governance could result in increased compliance and legal costs, regulatory exposure, and potential reputational damage.
2	Business Ethics	Both (Risk and Opportunity)	As a diversified manufacturing and energy solutions company operating across domestic and international markets, KOEL engages with a broad network of employees, suppliers, customers, channel partners and other stakeholders. Ethical conduct is fundamental to maintaining trust, safeguarding the Company's reputation and ensuring compliance with applicable laws, regulations and stakeholder expectations. At the same time, any ethical lapse, such as conflicts of interest, bribery, fraud, misuse of information or non-compliance with the Code of Conduct, could adversely affect business continuity and stakeholder confidence. A strong ethical culture enables the Company to enhance its reputation, strengthen relationships with customers and investors, and support disciplined decision-making as operations scale and the business footprint expands.	The Company promotes ethical conduct through a clearly articulated Code of Conduct applicable to Directors, employees, senior management, and suppliers. This is supported by structured policies covering related party transactions, insider trading prevention, conflict of interest management and whistle-blower mechanisms. Regular communication, mandatory training programmes, independent oversight through the Audit and Ethics Committees and confidential reporting channels enable early identification and resolution of ethical concerns. The whistle-blower mechanism ensures protection against retaliation and encourages a speak-up culture across the Company.	Positive: A strong ethical framework improves stakeholder trust, strengthens business relationships, and enhances brand reputation. Negative: Ethical lapses may result in increased regulatory exposure, potential compliance and legal costs, business disruption and reputational damage, potentially impacting profitability and access to capital.
3	Occupational Health and Safety	Both (Risk and Opportunity)	KOEL operates multiple manufacturing facilities and service locations involving machinery-intensive processes, material handling, testing operations and onsite and field service activities. Ensuring a safe and healthy work environment is therefore critical to protect employees, contract workers and other stakeholders. Inadequate health and safety practices could lead to injuries, operational disruptions, potential regulatory non-compliance and reputational harm. A strong health and safety practices present an opportunity to enhance employee well-being, workforce productivity, business resilience and the Company's reputation as a responsible employer.	The Company adopts a proactive and preventive approach to occupational health and safety through structured Environmental, Occupational Health and Safety policies, annual safety plan, and regular risk assessments across operations. Employees receive hands-on training on topics such as the use of fire hydrants, smoke detection systems and the importance of Personal Protective Equipment (PPE). Additional sessions cover firefighting and defensive driving. Safety management systems aligned with ISO 45001 standards, periodic audits, safety training, emergency preparedness drills, material handling protocols, and continuous monitoring of incidents enable early risk identification and mitigation. Employee engagement initiatives, leadership accountability and a strong reporting culture support continuous improvement in safety performance. These efforts have resulted in 0 injuries and fatalities across all plants in the financial year under review.	Positive: Effective health and safety management improves employee morale, productivity and retention, reduces downtime and enhances operational efficiency. Negative: Workplace incidents may result in incident-related financial liabilities, potential non-compliance fines, production losses and reputational damage.

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Sustainable Innovation	Opportunity	KOEL operates in an environment shaped by tightening emission norms, technological advancement in energy systems and growing stakeholder expectations around sustainability. As the Company transitions from a predominantly diesel-centric portfolio to a broader energy solutions model, sustained innovation is essential to remain compliant, competitive and future-ready. KOEL's focus on in-house research and development, fuel-agnostic platforms and energy-efficient product design positions sustainable innovation as a strategic opportunity.	The Company continues to invest in in-house R&D and follows a structured technology roadmap with close engagement with regulators, customers and business partners. Product development priorities include alternate fuels, emission-compliant platforms, modular designs and digital integration. Strong governance oversight and alignment between R&D, manufacturing and market teams ensure that innovation efforts translate into commercially viable and compliant solutions.	Positive: Sustainable innovation supports revenue growth through differentiated products, strengthens long-term competitiveness, reduces regulatory and transition risks, and enhances brand and stakeholder confidence. Negative: Delays or gaps in innovation could increase compliance costs, limit market access and result in loss of competitiveness, impacting future revenues and margins.
5	Circular Economy	Both (Risk and Opportunity)	KOEL's manufacturing intensive operations involve significant use of materials, energy, water and packaging across its value chain. As regulatory focus, resource constraints and stakeholder expectations around responsible resource use continue to intensify, adopting circular economy principles is increasingly critical to operational resilience and sustainability. Inefficient resource utilisation, inadequate waste management or limited reuse could increase environmental impact and operating costs, while a structured circular approach enhances resource efficiency, cost optimisation and environmental performance across manufacturing and product life cycles.	The Company integrates circular economy principles through resource-efficient manufacturing, waste minimisation, recycling and reuse initiatives across locations. Lean manufacturing practices, segregation of waste streams, authorised recycling of metal, oil, packaging and e-waste, and reuse of treated wastewater support reduced dependency on virgin resources. Lifecycle thinking is embedded in product design and manufacturing planning, supported by monitoring systems and periodic audits to identify improvement opportunities across materials, water and energy use. At KOEL, 100% of treated wastewater is reused across manufacturing locations for processes such as flushing and irrigation, reducing freshwater withdrawal to support circular economy. Additionally, Plastic-to-fuel conversion initiatives have been implemented in previous years to support repurposing of plastic waste and reduction of landfill dependency.	Positive: Improved material efficiency and waste reduction contribute to cost savings, lower resource dependency. Negative: Inefficient resource use and waste handling may result in higher costs, regulatory non-compliance and reputational risk.
6	Human Capital Development	Opportunity	KOEL's long-term growth, technological leadership and operational excellence depend significantly on the skills, engagement and well-being of its workforce across manufacturing plants, R&D centres, service networks and corporate functions. KOEL's transformation into a technology-driven, diversified energy solutions provider is underpinned by the depth, capability and engagement of its people. As the Company undertakes strategic transformation and technology-led growth, the ability to attract, develop and retain talent, while promoting an inclusive, safe and supportive work environment, has become increasingly critical. Human capital development represents a key opportunity to strengthen execution capability, leadership continuity and organisational resilience. Focused investments in skills, inclusive practices, employee well-being and structured succession planning enable KOEL to build a future-ready workforce aligned with long-term growth ambitions and evolving business needs.	The Company realises this opportunity through an integrated human capital strategy anchored in attracting, retaining and nurturing talent. Structured learning and development programmes, leadership-development initiatives and targeted capability-building interventions support continuous upskilling across functions. A formal succession-planning framework is in place to identify and develop internal talent for leadership and critical roles, ensuring continuity and long-term organisational stability. Diversity and inclusion are advanced through equal-opportunity policies, inclusive hiring practices and focused efforts to improve diversity across levels. Employee well-being is supported through health and safety initiatives, wellness programmes, stress management workshops, flexible work practices and policies that promote work-life balance, ensuring sustained engagement and productivity. Regular engagement, transparent communication and robust grievance-redressal mechanisms further strengthen employee trust and engagement.	Positive: Strong human capital development improves productivity, innovation capacity, employee retention and leadership continuity. Negative: Insufficient employee engagement and well-being practices could lead to higher attrition, skill gaps, lower engagement and increased recruitment and training costs.

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Climate Action	Both (Risk and Opportunity)	KOEL's long-term growth and operational resilience are increasingly shaped by its response to climate change, evolving emission regulations and rising stakeholder expectations for environmental responsibility. As a manufacturing-led Company with energy-intensive operations and a diversified product portfolio, KOEL may potentially face climate-related transition risks linked to regulatory compliance, energy costs, geopolitical tensions and carbon intensity across operations and product use. At the same time, climate action represents a significant opportunity to enhance efficiency, strengthen regulatory readiness and support the Company's strategic transition towards sustainable and future-ready energy solutions. KOEL's proactive focus on reducing energy and emission intensity, increasing renewable energy adoption and developing low-emission and fuel-agnostic products enables the Company to decouple growth from environmental impact. By embedding climate considerations into operations, innovation and capital allocation, KOEL is well positioned to mitigate climate-related risks while leveraging climate action as a driver of competitiveness, stakeholder trust and long-term value creation.	The Company integrates climate action across its operations and product portfolio through focused energy efficiency measures, renewable energy adoption and low-emission product development. Initiatives include expansion of captive and third-party renewable energy sourcing, deployment of digital energy monitoring systems, optimisation of manufacturing processes and use of energy-efficient equipment across locations. KOEL installed an 8 MWp of captive solar to support climate action. The Company has also embedded climate considerations into product design and innovation by developing fuel-agnostic and alternate-fuel engines and gensets compliant with CPCB IV+ and BS-V norms, supporting reduced emissions during product use. Continuous tracking of energy consumption and emissions, periodic reviews under the ESG governance framework and alignment of capital expenditure and R&D priorities ensure climate risks are mitigated while enabling long-term efficiency and competitiveness.	Positive: Investing in climate action lowers energy and compliance costs, strengthens market competitiveness through sustainable and emission-compliant products, enhances brand value and improves access to ESG-aligned capital. Negative: Climate risks may lead to higher regulatory costs, potential non-compliance fines, operational disruptions and loss of market access, adversely impacting margins and long-term financial performance.
8	Human Rights	Risk	KOEL's long-term sustainability and reputation are closely linked to its ability to uphold and promote human rights across its workforce, operations and value chain. With a dispersed workforce, contract labor engagement and an extended supplier network, respect for human rights, including fair employment practices, non-discrimination, and maintaining a respectful and equitable workplace, has become increasingly critical. Inadequately managed human-rights issues could expose the Company to reputational, legal and operational risks. Conversely, strengthening human rights practices presents an opportunity to deepen employee trust, enhance organisational culture and reinforce KOEL's position as a responsible and preferred employer.	The Company embeds respect for human rights through a structured policy framework and responsible workplace practices. A formal Human Rights Policy, Code of Conduct, and Prevention of Sexual Harassment (POSH) framework guide fair, safe and inclusive behavior across operations. KOEL ensures availability of safe reporting and grievance-redressal mechanisms, including an independent ethics and whistle-blower channel, to enable timely resolution of concerns. Regular awareness programmes, leadership communication and compliance training reinforce behavioral expectations. Human-rights principles are also extended to the value chain through supplier expectations and ethical standards, supporting responsible sourcing and partner engagement aligned with KOEL's values.	Positive: Strong human rights practices enhance employee engagement, retention and productivity, strengthen brand reputation and reduce exposure to legal and reputational risks. Negative: Human-rights lapses could result in increased legal and compliance costs, regulatory exposure, workforce disruption and reputational impact.
9	Responsible Supply Chain	Opportunity	KOEL's operational continuity, product quality and sustainability performance are closely linked to the resilience and responsible conduct of its supply chain. KOEL's wide network of suppliers, vendors and service partners exposes it to ESG impacts beyond its own operations and geography. Strengthening responsible supply-chain practices presents an opportunity to enhance supply reliability, manage ESG-related risks, improve cost efficiency and align with growing customer, investor and regulatory expectations.	The Company integrates responsible supply-chain principles through structured procurement governance, ethical sourcing practices and ongoing supplier engagement. Supplier expectations are governed by defined quality, safety, ethics and compliance standards, aligned with KOEL's Code of Conduct and values. Risk-based supplier evaluation, periodic audits and performance monitoring help identify and address ESG and operational risks across the supplier base. KOEL also focuses on supplier development initiatives, localisation and long-term partnerships to strengthen resilience, improve transparency and support shared value creation across the supply chain. Continuous engagement with suppliers, supported by data-driven monitoring and internal reviews, enables improvement opportunities across responsible sourcing, logistics efficiency and continuity planning.	Positive: A responsible and resilient supply chain supports uninterrupted operations, cost stability, improved supplier performance and stronger customer confidence. Negative: Supply-chain disruptions, compliance failures or ESG lapses may lead to increased costs, production losses, reputational damage and potential regulatory exposure.

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
10	Stakeholder Engagement	Opportunity	KOEL's long-term success and resilience are closely linked to the strength and quality of its engagement with key stakeholders, including employees, customers, dealers and distributors, suppliers, investors, regulators, communities and technology partners. As the Company progresses through strategic transformation and expands its footprint across markets and geographies, timely, transparent and meaningful effective engagement enables better understanding of stakeholder expectations, enhances decision-making and builds trust. Stakeholder engagement therefore represents a strategic opportunity to strengthen relationships, support sustainable growth and reinforce the Company's social and business license to operate.	The Company integrates stakeholder engagement into its governance and decision-making processes through a structured and ongoing approach. KOEL identifies key stakeholder groups and engages with them through multiple formal and informal channels, including leadership interactions, surveys, review meetings, grievance-redressal mechanisms, disclosures and periodic outreach programmes. Feedback from stakeholders is systematically reviewed and considered in strategy formulation, risk management and operational planning. Transparent communication, timely disclosures and responsible grievance management support trust and accountability. Sustained engagement with customers, suppliers and communities enables shared value creation and long-term partnership development.	Positive: Strong stakeholder engagement enhances reputation, customer loyalty, employee engagement and investor confidence. Negative: Weak engagement may lead to reputational damage, loss of trust, operational disruptions or regulatory and commercial challenges.
11	Product Stewardship	Opportunity	KOEL's long-term competitiveness and brand credibility are closely linked to the performance, safety, environmental footprint and lifecycle reliability of its products. As the Company transitions from a predominantly diesel-centric portfolio to a diversified energy solutions offering, product stewardship represents a strategic opportunity to enhance customer trust, ensure regulatory readiness and deliver responsible solutions aligned with evolving market expectations. Increasing customer focus on emissions compliance, energy efficiency, safety and total cost of ownership has elevated the importance of managing products responsibly across their lifecycle, from design and manufacturing to use, service and end-of-life. By strengthening product stewardship, KOEL can reinforce differentiation, support sustainable growth and deepen long-term customer relationships.	The Company integrates product stewardship principles across product design, manufacturing, deployment and after-sales support. This includes developing emission-compliant and energy-efficient products aligned with CPCB IV+ and BS-V norms, embedding safety and reliability considerations during design and testing, and adopting lifecycle-oriented engineering to enhance durability, efficiency and serviceability. Digital tools such as IoT-enabled monitoring, proactive maintenance solutions and structured after-sales services enable responsible product use and improved uptime. KOEL also promotes responsible use through customer education, documentation and advisory support, while continuous feedback from customers, service teams and field performance data informs product improvement and innovation.	Positive: Strong product stewardship enhances customer satisfaction, brand loyalty and regulatory compliance, reduces warranty and lifecycle costs, and supports revenue growth through differentiated, responsible solutions. Negative: Inadequate product stewardship may result in potential regulatory non-compliance, increased warranty and lifecycle costs, and diminished customer confidence.
12	Community Relations	Opportunity	KOEL's operations and manufacturing locations are embedded within local communities, making positive community relations integral to maintaining its social license to operate and supporting long-term business continuity. Proactive engagement with surrounding communities can help the Company to understand local expectations, address concerns and contribute to inclusive development as it expands its footprint and scales operations. Strong community relations present an opportunity to maintain trust, build goodwill and create shared value. KOEL can strengthen its stakeholder relationships and reinforce its role as a responsible corporate citizen by aligning social initiatives with local needs and development priorities,	The Company engages with local communities through structured social-development initiatives aligned with identified needs in areas such as education, healthcare, skill development and environmental sustainability. KOEL implements community programmes through focused interventions, partnerships and employee participation, ensuring long-term impact rather than one-time engagement. Regular dialogue with community representatives near operational locations enables the Company to identify priorities, address concerns proactively and monitor effectiveness of programmes. Community engagement is supported by governance oversight and periodic reviews to ensure alignment with KOEL's values, business objectives and statutory obligations, including CSR requirements.	Positive: Strong community relations support stable operations and enhance reputation. Negative: Weak community engagement could lead to reputational damage, strained community relations, operational delays, and increased compliance or mitigation costs.

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
13	Data Privacy and Cybersecurity	Risk	KOEL is increasingly leveraging digital systems, automation, connected products and data-driven processes across operations, manufacturing, R&D and customer interfaces. As such, exposure to data privacy and cybersecurity risks has become more pronounced. Safeguarding sensitive business, employee, customer and partner data is critical to maintaining trust, ensuring regulatory compliance and protecting operational continuity. Cyber threats, unauthorised access, data breaches or system disruptions could lead to operational downtime, loss of sensitive information and reputational harm. At the same time, the Company's ability to effectively manage data security and privacy is closely tied to stakeholder confidence and the reliable functioning of digital and technology-enabled processes.	The Company addresses data privacy and cybersecurity risks through a structured governance and control framework encompassing policies, processes and technology safeguards. Defined information-security policies, access controls, periodic system audits and monitoring mechanisms are implemented to protect critical information assets. KOEL promotes cyber-security awareness through employee training and adherence to secure IT practices, while incident-response protocols enable timely detection, escalation and remediation of potential threats. Alignment with applicable data-protection regulations and continuous review of IT systems and controls support resilience against evolving cyber risks.	Positive: Strong data-security practices enhance stakeholder trust, support safe digitisation, reduce the likelihood of business disruption. Negative: Cyber incidents or data-privacy breaches could result in financial exposure related to incident remediation, operational disruptions, and reputational impact.



SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

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)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available.									
	- Code of Conduct: https://www.kirloskaroilengines.com/documents/6887317/bb0a1acf-7b75-593c-9884-6983b438a34c - Corporate Governance: https://www.kirloskaroilengines.com/investors - Whistle-Blower Policy/Vigil Mechanism: https://www.kirloskaroilengines.com/documents/6887317/17b7fa36-d0ec-4acc-4d87-3c2c03873664 - Environmental, Social and Governance (ESG) Policy: https://www.kirloskaroilengines.com/documents/6887317/4c0c6c6b-d5cf-5582-8d6a-55c7376f7ab2 - Human Rights Policy: https://www.kirloskaroilengines.com/documents/6887317/17209a31-6bba-dff8-b986-4b6134bda34c - Stakeholder Engagement and Grievance Redressal Policy: https://www.kirloskaroilengines.com/documents/6887317/584d8947-649b-b79e-e4d5-141ae60dc9a0 - Risk Management Policy: https://www.kirloskaroilengines.com/documents/6887317/0ab51682-a9e9-ee3e-d135-0174b910f81b - Terms of Appointment for an Independent Director: https://www.kirloskaroilengines.com/documents/6887317/bf0b8bbb-be8b-45c3-40d4-76839147be77 - Policy on Prevention of Frauds: https://www.kirloskaroilengines.com/documents/6887317/071475ba-56e9-7954-8a6e-68b873e5dc36 - Policy on Related Party Transactions: https://www.kirloskaroilengines.com/documents/6887317/c0fd406c-3e96-3899-c106-ee7575b74c5c - Privacy Policy: https://www.kirloskaroilengines.com/documents/6887317/f442ffff-416a-f5f0-0b5b-1caa30b3b0cb - Nomination and Remuneration Policy: https://www.kirloskaroilengines.com/documents/6887317/a010f0ef-8135-1da8-e35b-7e61be179ffc - Dividend Distribution Policy: https://www.kirloskaroilengines.com/documents/6887317/2c1214b2-96a6-ce9c-5988-c9673c6cee2d - Policy on Material Subsidiaries: https://www.kirloskaroilengines.com/documents/6887317/8701bd67-644d-8699-63a1-cf1af56488ea - Policy for Determination of Material Events or Information: https://www.kirloskaroilengines.com/documents/6887317/fbf5262c-6c4f-89ff-d061-858283d64564 - Archival Policy: https://www.kirloskaroilengines.com/documents/6887317/99aed86f-9ddc-be31-4879-3975c9fb9dbc - Corporate Social Responsibility Policy: https://www.kirloskaroilengines.com/documents/6887317/f5c989ea-04e2-a777-6e4f-632c3fe23e1e								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners?	The Company has established comprehensive policies applicable across its entire value chain, covering employees, Directors, channel partners, suppliers, business associates, customers, contractors, and agency personnel. Frameworks such as the Policy on Prevention of Fraud and the Whistleblower Policy protect individuals who report concerns or make disclosures in good faith through these mechanisms.								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	- ISO 14001:2015 - ISO 45001:2018 - ISO 9001:2015								

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.	In the previous year, KOEL established an ambitious sustainability roadmap with long-term objectives, reflecting its enduring commitment to environmental responsibility. While these targets remain unchanged, the Company has achieved significant progress through focused efforts and continues taking deliberate steps toward its sustainability goals. By 2030, KOEL aims to source 70% of its energy from renewable sources, substantially reducing carbon emissions and advancing toward a sustainable future. The Company has committed to cutting energy intensity by 15% annually, enhancing efficiency while embedding sustainable practices across operations. With a forward-looking approach, KOEL targets net zero emissions by 2050, aligning with global climate objectives, while actively monitoring Scope 3 emissions for greater transparency and accountability across its value chain. Sustainable product development remains central to KOEL's environmental strategy. Through assessments like Product Carbon Footprints and Life Cycle Analysis, the Company identifies and mitigates environmental impacts. By 2030, KOEL targets a 25% reduction in combined Scope 1 and Scope 2 emissions, reinforcing its dedication to combating climate change and building a sustainable future.								
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	During FY 2025-26, KOEL continued to strengthen its Environment, Safety and Health (ESH) performance through focused initiatives in resource efficiency, decarbonisation, water stewardship and workplace safety. Renewable Energy and Energy Efficiency: The Company continued to pursue renewable energy adoption as part of its decarbonisation strategy. During the year, the proportion of renewable energy consumption was impacted by changes in open access tariff regulations issued by MSEDCL, which affected the viability of renewable power procurement through open access arrangements. Despite these external constraints, the Company remains committed to increasing the use of renewable energy and continues to evaluate opportunities for expanding renewable energy sourcing and enhancing energy efficiency across its operations. Sustainable Waste Management: KOEL maintained its commitment to responsible waste management, ensuring that plastic and other waste streams were either recycled, recovered, or processed through authorised channels. Ongoing waste reduction initiatives focused on minimising waste generation at source and enhancing circularity across operations. Carbon Emissions Management: Building on the Life Cycle Assessment and Scope 3 emissions evaluation undertaken previously, the Company advanced its efforts to strengthen emissions monitoring and identify reduction opportunities across the value chain. Progress during the year supported the development of a structured decarbonisation roadmap focused on energy efficiency, renewable energy adoption and emissions reduction. Water Stewardship: The Company continued to invest in water conservation initiatives, including the enhancement of rainwater harvesting infrastructure and measures to improve water-use efficiency. These efforts reinforce KOEL's commitment to sustainable water management and long-term resource resilience. Occupational Health and Safety: KOEL remained focused on strengthening its safety culture through employee engagement, capability-building programmes, risk assessments and preventive safety initiatives. Continuous improvement in ESH management systems supported the Company's objective of providing a safe and healthy workplace for all employees and stakeholders. These initiatives reflect KOEL's continued commitment to integrating sustainability and safety into its business operations while making steady progress towards its long-term ESH goals.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	At Kirloskar Oil Engines Limited (KOEL), sustainability remains deeply embedded in our business strategy and decision-making processes. As we continue to deliver engineering excellence and create long-term value, we are equally committed to advancing environmental stewardship, social progress, and responsible governance. Our sustainability journey is guided by the conviction that resilient growth can only be achieved when economic success is balanced with the well-being of people and the planet. During FY 2025-26, we continued to strengthen our ESG performance while supporting business growth and operational excellence. Through focused initiatives aimed at enhancing resource efficiency, optimising processes, and reducing environmental impacts across our value chain, we made meaningful progress toward our sustainability goals. A notable achievement during the year was the reduction of our Scope 3 greenhouse gas emissions by 24.19%. This reflects our ongoing efforts to collaborate with stakeholders across the value chain, improve operational efficiencies, and advance our decarbonisation journey. We also enhanced our circularity performance, increasing the quantity of waste recycled by 45%, reinforcing our commitment to responsible resource management and waste minimisation. Beyond environmental performance, we remain dedicated to creating positive social impact through our CSR initiatives focused on education, healthcare, environmental conservation, rural development, and disaster response. These programmes continue to support communities and contribute to inclusive and sustainable development, particularly in underserved regions. Our supply chain partners play a critical role in our success, and we continue to foster a responsible and resilient ecosystem through supplier engagement, capability building, and the promotion of sustainable business practices. At the same time, our people remain at the heart of our organisation. We are committed to providing a safe, inclusive, and empowering workplace that encourages continuous learning, innovation, and professional growth. As we look ahead, sustainability will remain a key pillar of KOEL's long-term vision. We will continue to strengthen our environmental performance, accelerate resource efficiency initiatives, deepen stakeholder engagement, and integrate sustainability considerations into business decisions across the value chain. Through these efforts, we aim to create enduring value for our stakeholders while contributing meaningfully to a more sustainable future. At KOEL, responsible growth is not merely an aspiration, it is a commitment that shapes how we innovate, operate, and create lasting impact for generations to come.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The CSR Committee is responsible for overseeing the implementation of the Company's comprehensive sustainability framework, encompassing all Environment, Health and Safety (EHS) and Occupational Health and Safety (OHS) initiatives, along with the Company's long-term sustainability goals. The members of the CSR Committee include: 1) Mr. Rahul C. Kirloskar (Non-Executive Non-Independent Director & Chairman of CSR Committee) 2) Ms. Gauri Kirloskar (Vice Chairperson and Managing Director) 3) Dr. Shalini Sarin (Non-Executive and Independent Director)								
9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability-related issues? (Yes/No). If yes, provide details.	The ESG Steering Committee comprises the Managing Director, Chief Financial Officer, Company Secretary, ESG Head, and an Independent Director. This group meets regularly to address key sustainability matters. The Managing Director and senior leadership team actively monitor performance against business responsibility objectives, while the Board of Directors conducts periodic reviews of progress toward social, environmental, and economic goals.								

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									Frequency (Annually/Half yearly/Quarterly/ Any other-please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	The Company's policies undergo regular review, either by the Board of Directors or by individuals authorised by the Board for such evaluations.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	The Company ensures adherence to all applicable legal obligations aligned with its core principles. In instances of non-compliance, the ESG Steering Committee promptly investigates and addresses the matter to ensure timely resolution and corrective action.								

11. Has the entity carried out an independent assessment/evaluation of the working of its policies by an external agency? (Yes/No) If yes provide the name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
No, the Company has evaluated the policies internally								

12. If the answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)									
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)	Not Applicable								
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									



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.

Essential Indicators

- 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	% of persons in respective category covered by the awareness programmes
Board of Directors	NA*	Training and awareness programmes on Sustainability, Code of Conduct	NA*
Key Managerial Personnel	NA*	Training and awareness programmes on Sustainability, Code of Conduct	NA*
Employees other than BoD and KMPs	1921	Code of Conduct POSH	85%
Workers	73	Code of Conduct POSH	61%

*KOEL provides an orientation curriculum for Independent Directors that informs them of their duties, rights, and obligations inside the Company as well as the nature of the industries in which they operate and the Company's business model. The Company also organises a structured induction procedure for new Directors during which they engage with all the Company's top leaders and receive an Onboarding Manual for their education and awareness. Additionally, they receive a comprehensive Letter of Appointment. The management of the Company periodically provides business presentations at Board meetings to acquaint Independent Directors with the Company's strategy, operations, and functioning. These interactions provide them a comprehensive understanding of the business and legal environment of the Company.

- 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 (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine					
Settlement					Not Applicable
Compounding fee					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment					
Punishment					Not Applicable

- Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in case where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
	Not Applicable

- Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. The Company has a formal anti-corruption and anti-bribery framework embedded within the Kirloskar Code of Conduct, Whistle Blower/Vigil Mechanism Policy and Prevention of Fraud Policy. This framework outlines principles and procedures for the identification, prevention, reporting, and investigation of fraud, including instances of bribery and corruption, along with defined disciplinary actions. It is supported by internal controls and governance mechanisms to ensure ethical business conduct across operations.

Whistle Blower/Vigil Mechanism Policy: <https://www.kirloskaroilengines.com/documents/6887317/17b7fa36-d0ec-4acc-4d87-3c2c03873664>

Prevention of Fraud Policy: <https://www.kirloskaroilengines.com/documents/6887317/071475ba-56e9-7954-8a6e-68b873e5dc36>

Code of Conduct for Board of Directors and Senior Management: <https://www.kirloskaroilengines.com/documents/6887317/bb0a1acf-7b75-593c-9884-6983b438a34c>

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

	FY 2026	FY 2025
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

- Details of complaints with regard to conflict of interest:

	FY 2026		FY 2025	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

- Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

Not applicable, as there were no instances of fines, penalties, or actions initiated by regulatory bodies, law enforcement agencies, or judicial authorities in relation to corruption or conflicts of interest during the reporting period.

8. Number of days of accounts payables [(Accounts payable *365)/Cost of goods/services procured] in the following format:

	FY 2026#	FY 2025#
Number of days of accounts payables	70	86

#Average total accounts payable (including for goods and services) has been derived basis payables at the beginning and end of the year. In the denominator, we have considered cost of goods sold including purchases of traded goods during the year.

*The numbers reported are from continuing operations only. Previous period numbers have been restated considering the reclassification of results of discontinued operations

9. Open-ness of business

Provide details of the 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 2026	FY 2025
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	29.98%	37.72%
	b. Number of dealers distributors to whom sales are made	1,478	1,639
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	30.65%	26.55%
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	5.43%	6.33%
	b. Sales (Sales to related parties/Total Sales)	2.59%	3.08%
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	0.00%	0.00%
	d. Investments (Investments in related parties/Total Investments made)	93.33%	84.40%

*Related party definition is considered as per SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

#Total Sales and Total Purchases includes both continuing and discontinued operations.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
We continuously provide Health and safety training; however, we are in a process of calculating the total no of training hours provided	Principle 1: Awareness is given to all RM suppliers on supplier code of conduct which includes the above principle Principle 4: All suppliers are trained on a Zero-Defect programme which includes managing gaps and driving improvements in Business and Manufacturing Processes Principle 5: Awareness is given to all RM suppliers on supplier code of conduct which includes the above principle Principle 6: Direct material suppliers are trained and evaluated on EHS requirements and supplier code of conduct which includes the above principle Principle 8: Critical suppliers are trained on management principles for inclusive growth to meet KOEL growth plans	We provide training on a periodical basis to value chain partners, currently we are establishing methods to track the % of value chain partners who were provided these trainings

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No). If yes, provide details of the same.

The Board of Directors and Senior Management adhere to a defined Code of Conduct that provides clear guidance on recognising and addressing actual or potential conflicts of interest in their responsibilities. They are required to proactively avoid situations where personal interests conflict with those of the Company. KOEL maintains structured processes to prevent, manage, and mitigate such conflicts effectively.

In addition, the Company adheres to the Business Excellence Framework and complies with the Code for the Prohibition of Insider Trading. The Code of Conduct is accessible at the following link: <https://www.kirloskaroilengines.com/documents/6887317/3ab0f3dc-4d00-5dd4-b1e4-94e33f2c2b53>

KOEL also maintains dedicated policies to regulate Related Party Transactions, ensuring transparency and governance across all business dealings.

PRINCIPLE 2: Business should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2026	FY 2025	Details of improvements in environmental and social impacts
R&D	41.5%	-	The R&D department focuses not only on expanding the product portfolio but also on upgrading existing products to reduce emissions and deliver solutions that support sustainable growth.
Capex	43.9%	2.43%	

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) (b) E-waste (c) Hazardous waste and (d) other waste

End Of Life (ELV) regulations do not apply to KOEL products.

The Company primarily uses recyclable corrugated boxes and reusable metallic skids for packaging, with minimal particle board usage for exports—where metallic skids are retrieved post-delivery. While product recycling is uncommon in this industry, DG sets undergo refurbishment to improve efficiency and extend lifespan. Products, mainly composed of high-value metals and alloys like cast iron and steel, are typically recycled by customers as metal scrap.

As part of our commitment to carbon neutrality, KOEL has launched the Kirloskar Nulife engine programme. We collect engines from the field, replacing worn components with genuine parts. Each engine undergoes disassembly, inspection, cleaning, calibration, and testing under controlled conditions to meet stringent KOEL quality standards. Nulife engines deliver cost savings, updated components, and equivalent performance, durability, and reliability backed by full warranty. Customers benefit from quality-tested, remanufactured engines at competitive prices while supporting their carbon reduction targets.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) is applicable to the Company. The Company has obtained registration on the Central Pollution Control Board (CPCB) portal under the following categories:

- Plastic Packaging Waste – Importer;
- Plastic Packaging Waste – Brand Owner; and
- Battery Waste Management – Producer.

The Company has filed the annual return for Plastic Packaging Waste under the Brand Owner category and has fulfilled the applicable EPR obligations and targets. Compliance with the Battery Waste Management Rules is proposed to be undertaken from FY 2025-26, in line with the applicable regulatory requirements.

The Company continues to review and strengthen its EPR framework and will further enhance its implementation approach in accordance with evolving statutory requirements.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
281	Engines	57%	Cradle to gate	Yes	No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

No major risk identified

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2026	FY 2025
-	Not Applicable	Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2026			FY 2025		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Given the nature of its operations and product portfolio, the Company does not currently have a formal mechanism for the reclamation of products or packaging at the end of their lifecycle. Accordingly, product and packaging take-back initiatives are presently not applicable.			Given the nature of its operations, KOEL does not currently undertake the reclamation of products or packaging at the end of their lifecycle.		
E-waste						
Hazardous waste						
Other waste General Waste (Dry & Wet)						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
	Not Applicable

PRINCIPLE 3: Business should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% 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	2116	2116	100%	2116	100%	NA	NA	2116	100%	-	-
Female	144	144	100%	144	100%	144	100%	NA	NA	-	-
Total	2260	2260	100%	2260	100%	144	6%	2116	94%	-	-
Other than Permanent employees											
Male	26	26	100%	26	100%	NA	NA	-	-	-	-
Female	12	12	100%	12	100%	12	100%	-	-	-	-
Total	38	38	100%	38	100%	12	32%	-	-	-	-

Term Life Insurance, EDLI, Canteen Facilities, Annual and Executive Health Check Up, Engagement Activities.

b. Details of measures for the well-being of workers:

Category	% of workers 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 workers											
Male	120	120	100%	120	100%	NA	NA	120	100%	120	100%
Female	0	0	100%	0	100%	0	0%	NA	NA	0	0%
Total	120	120	100%	120	100%	0	0%	120	100%	120	100%
Other than Permanent workers											
Male	2190	2144	98%	2190	100%	NA	NA	0	0%	-	-
Female	65	65	100%	65	100%	65	100%	0	0%	-	-
Total	2255	2209	98%	2255	100%	65	3%	0	0%	-	-

*Paternity Benefits are not applicable to few categories such as Management Trainees, Graduate Engineering Trainees etc.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format-

	FY 2026	FY 2025
Cost incurred on well-being measures as a % of total revenue of the company	0.36%	0.35%*

*For Financial Year 2025, the following items have been considered as a part of well-being measures: Expenditures related to canteen facilities, cricket tournament & badminton court, sports & engagement activities, first aid training, OHC training, employee transport, scholarships, NAPS, R&R, Insurance & Mediclaim & other initiatives are included

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year

Benefits	FY 2026			FY 2025		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	98%*	100%	Yes	94%*	100%	Yes
ESI	0%	0%	Yes	0%	0%	Yes
Others – please specify	-	-	-	-	-	-

*Trainees Excluded

Note: The aforesaid data denotes the permanent employees/workers.

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? If not, whether any steps are being taken by the entity in this regard.

KOEL recognises the importance of accessibility for all individuals, including those with disabilities. While there are currently no employees with disabilities within the organisation, the Company remains committed to building an inclusive workplace. As part of its diversity and inclusion strategy, KOEL will proactively implement accessibility enhancements across offices and facilities as needed, ensuring a welcoming environment for everyone.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The Company through its policies, is committed to equal opportunity without discrimination on any grounds. The policy is available on the Company's Intranet.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	NA	NA
Total	100%	100%	100%	100%

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.

	Yes/No (If Yes, then give details of the mechanism in brief)	
Permanent Workers	IR Committee, APEX Committee, Whistle Blower, EthicsLine	KOEL is committed to fostering an open, inclusive, and employee-centric workplace. Each manufacturing facility has a dedicated committee responsible for addressing employee concerns raised through the Grievance Redressal Mechanism or directly with Business Unit Heads. These committees ensure that employee issues are handled promptly, fairly, and transparently. To strengthen employee engagement and collaboration, KOEL conducts a range of initiatives throughout the year under its SAY, STAY, and STRIVE framework. The Company also carries out an annual Employee Engagement Survey (EES) to assess employee sentiment, identify opportunities for improvement, and implement targeted action plans that enhance the overall employee experience. In addition, employees have the option to escalate concerns to the Industrial Relations (IR) Committee and the APEX Committee. All grievances are managed with the highest level of confidentiality, impartiality, and sensitivity, reinforcing KOEL's commitment to a respectful and supportive work environment. For more information, please refer to the Grievance Redressal Policy available at: https://www.kirloskaroilengines.com/documents/6887317/584d8947-649b-b79e-e4d5-141ae60dc9a0
Other than Permanent Workers	Whistle Blower, EthicsLine	
Permanent Employees	EthicsLine and Whistle Blower	
Other than Permanent Employees	EthicsLine and Whistle Blower	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2026			FY 2025		
	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	2260	0	0%	2,344	0	0%
Male	2116	0	0%	2,231	0	0%
Female	144	0	0%	113	0	0%
Total Permanent Workers	120	120	100%	125	125	100%
Male	120	120	100%	125	125	100%
Female	0	0	0%	0	0	0%

8. Details of training given to employees and workers:

Category	FY 2026					FY 2025				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,142	935	44%	808	38%	2,321	1,257	54%	528	23%
Female	156	76	49%	39	25%	155	76	49%	86	55%
Total	2,298	1,011	44%	847	37%	2,476	1,333	54%	614	25%
Workers										
Male	2,310	4,260	184%	3,850	167%	1,823	1,823	100%	1,823	100%
Female	65	140	215%	121	186%	53	53	100%	20	38%
Total	2,375	4,400	185%	3,971	167%	1,876	1,876	100%	1,843	98%

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

Category	FY 2026			FY 2025		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	2,142	2,018	94.2%	2,321	2,188	94.3%
Female	156	142	91.0%	155	145	93.5%
Total	2,298	2,160	94.0%	2,476	2,333	94.2%
Workers						
Male	120	120	100%	125	125	100%
Female	NA	NA	NA	NA	NA	NA
Total	120	120	100%	125	125	100%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?

KOEL has implemented an Occupational Health and Safety Management System aligned with the ISO 45001 standard to strengthen workplace safety, manage risks, and drive continual improvement.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

KOEL's Occupational Health and Safety Management System is aligned with ISO 45001 standards and integrates practices such as Hazard Identification and Risk Assessment (HIRA), Job Safety Analysis (JSA), and structured reporting of near misses, unsafe acts, and hazardous conditions to strengthen workplace safety.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

KOEL actively promotes employee participation in occupational health and safety through structured engagement mechanisms across all manufacturing facilities. Dedicated safety committees, comprising employee representatives and management, play a key role in identifying workplace hazards, recommending corrective actions, supporting compliance with safety requirements, and reviewing incident investigations.

The committee meetings are convened on a quarterly basis under the leadership of the respective Plant Heads. To further strengthen safety management, KOEL has implemented a centralised digital platform across all facilities for reporting near misses and safety observations, enabling timely action and continuous monitoring of workplace safety.

d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Beyond occupational healthcare, KOEL supports employee well-being through a range of non-occupational health initiatives, including periodic health check-ups, medical camps, immunisation programmes, and health awareness sessions. Employees are also provided financial assistance for medical expenses through the Company's medical claim benefits, reinforcing its commitment to preventive healthcare and overall well-being.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2026	FY 2025
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

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company is committed to providing and maintaining a safe and healthy workplace through a robust occupational health and safety management framework. During the year, external audits covering plant safety, fire safety, electrical systems, and ventilation were conducted across facilities by competent agencies. In addition, various safety and health awareness and training programmes were organised to strengthen the safety culture across the organisation.

Key initiatives undertaken by the Company include:

- **Training and Capacity Building:** Regular training programmes are conducted to enhance employee awareness of workplace hazards, safe work practices, and emergency response procedures.
- **Safety Inspections and Audits:** Periodic safety inspections and internal as well as external audits are undertaken to identify potential risks and implement corrective and preventive actions.
- **Personal Protective Equipment (PPE):** Appropriate PPE, such as helmets, gloves, safety glasses, respirators, and other protective gear, is provided based on the nature of work and associated risks.
- **Hierarchy of Controls:** Workplace hazards are managed through a structured approach comprising elimination, substitution, engineering controls, administrative controls, and the use of PPE.
- **Hazard Identification and Risk Assessment:** The Company conducts Hazard Identification and Risk Assessment (HIRA), Job Safety Analysis (JSA), and on-the-job safety training to proactively identify and mitigate operational risks.
- **Lockout/Tagout (LOTO) System:** A formal LOTO procedure is implemented to ensure the safe isolation and control of hazardous energy sources during maintenance and repair activities.
- **Work Permit System:** Critical and high-risk activities are governed through a structured Work Permit System to ensure compliance with established safety protocols.
- **Hazard and Operability Studies (HAZOP):** HAZOP studies are carried out for critical operations and processes to identify potential hazards and strengthen risk mitigation measures.

Through these initiatives, the Company continues to foster a culture of safety and operational excellence while striving to prevent workplace injuries and occupational health incidents.

13. Number of Complaints on the following made by employees and workers:

	FY 2026			FY 2025		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessment for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

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) (B) Workers(Y/N).

Yes. The Company extends life insurance and compensatory benefits in the event of death to both employees and workers, including permanent employees as well as workers, in line with applicable policies and statutory provisions.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Industrial Relations (IR) team conducts compliance audits on a quarterly basis for the contractual workforce to ensure adherence to applicable regulatory requirements and internal standards.

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2026	FY 2025	FY 2026	FY 2025
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

Stakeholder Group	Whether identified as a Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Dealers and Distributors	No	- One-on-one interaction - Monthly/Quarterly reviews - Helpdesk - Dealer conferences and meets	Periodically	Purpose of Engagement: To understand mutual expectations; apprise customers of KOEL's policies, processes, new products, and sales strategy; gather insights on market conditions; and assess customer expectations and experiences. Key Topics: - KOEL's expectations and needs assessment - Product availability - Product portfolio - Quality and timely delivery - Market conditions and requirements - Customer expectations and experiences - Brand awareness - Contractual obligations
Technical Collaborators	No	One-on-one interaction	Periodically	To strengthen relationships by creating win-win situations Key topics: - Business opportunities - New product development - Utilising the mutual strengths - Product knowledge
Society and Local Communities	Yes	Engagement Methods with Society/NGOs: - Interactions for the WASH initiative (Water, Sanitation, and Hygiene) - Vasundhara Film Festival - CSR committee meetings - CSR survey - Society Perception Survey	Periodically	To contribute back to society through various initiatives and spread awareness on environmental and social issues. Key Topics: - Needs assessment and brand perception - Community development and welfare initiatives

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Commitment to Stakeholder Engagement:

KOEL is dedicated to building strong, transparent, and long-term relationships with its stakeholders. Continuous engagement enables the Company to understand stakeholder expectations and incorporate their perspectives into its business strategy and sustainability journey.

Integration within ESG Framework:

Stakeholder engagement forms a core component of KOEL's ESG governance framework, supporting informed decision-making, effective risk management, and the integration of environmental, social, and governance considerations into business operations.

Engagement Channels:

The Company maintains regular and structured interactions with its stakeholders through multiple engagement platforms, including periodic review meetings, supplier engagement programmes, and customer feedback mechanisms, fostering collaboration, responsiveness, and continuous improvement.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into the policies and activities of the entity.

Stakeholder engagement is a fundamental element of KOEL's approach to identifying, assessing, and managing environmental, social, and governance (ESG) risks and opportunities. Building on the materiality assessment conducted in FY 2023, the Company carried out a comprehensive materiality reassessment in FY 2026 to validate the relevance of previously identified material topics and ensure alignment with evolving stakeholder expectations, regulatory requirements, and the changing business landscape. The reassessment followed a structured and systematic methodology, with stakeholder perspectives serving as a key input throughout the process.

As part of the reassessment, KOEL engaged a broad spectrum of internal and external stakeholders, including the Board of Directors, senior leadership, employees, customers, suppliers, investors, regulators, industry associations, local communities, NGOs, and knowledge partners. Stakeholder feedback was primarily gathered through structured surveys designed to evaluate the significance of identified ESG topics. The responses were assessed using a robust scoring methodology, and the outcomes were used to update the Company's materiality matrix, providing a strong foundation for its sustainability priorities.

The insights generated through this engagement process have been integrated into KOEL's governance and sustainability framework. Stakeholder feedback has strengthened the incorporation of ESG considerations into enterprise risk management, strategic planning, and business decision-making, enabling the Company to proactively address emerging risks and opportunities. The findings of the FY 2026 reassessment are also guiding the development of KOEL's Sustainability Strategy 2030 by defining priority focus areas, establishing measurable Key Performance Indicators (KPIs), and setting long-term sustainability objectives.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

KOEL is dedicated to driving inclusive growth by supporting communities that are socially and economically disadvantaged. The Company recognises the diverse challenges faced by women, persons with disabilities, and other vulnerable groups, and designs its initiatives to address their specific needs and promote equal opportunities.

Through its Corporate Social Responsibility (CSR) programmes, KOEL invests in key development areas such as education, healthcare, hygiene, environmental sustainability, and rural development. These initiatives aim to improve quality of life, strengthen community resilience, and enable sustainable socio-economic progress.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

- Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2026			FY 2025		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
Employees						
Permanent	2260	1925	85%	2344	325	13.87%
Other than permanent	38	37	97%	132	81	61%
Total Employees	2298	1962	85%	2476	406	16.40%
Workers						
Permanent	120	94	78%	125	125	100%
Other than permanent	2255	1353	60%	1876	65	3.5%
Total Employees	2375	1447	61%	2001	190	9.5%

- Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2026					FY 2025				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	2116	0	0%	2116	100%	2,231	0	0%	2,231	100%
Female	144	0	0%	144	100%	113	0	0%	113	100%
Other than Permanent										
Male	26	0	0%	26	100%	90	0	0%	90	100%
Female	12	0	0%	12	100%	42	0	0%	42	100%
Workers										
Permanent										
Male	120	0	0%	120	100%	125	0	0%	125	100%
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than Permanent										
Male	2190	2015	92%	175	8%	1,823	1,638	90%	185	10%
Female	65	46	71%	19	29%	53	35	66%	18	33%

3. Details of remuneration/salary/wages, in the following format:

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BoD)	7	38,50,000	3	28,25,000
Key Managerial Personnel	2	2,86,74,310	1	58,54,730
Employees other than BoD and KMP	1,088	11,22,150	71	10,10,053
Workers	850	5,37,053	16	4,81,745

Note: Median is computed on the basis of permanent employees on the rolls of the Company for the full Financial Year 2025-26. Directors who were appointed/resigned/retired during the year ended 31st March, 2026, the remuneration of these Directors is not considered.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2026	FY 2025
Gross wages paid to females as % of total wages	7.08%	6.2%

Note: This figure represents gross wages paid to female employees and does not constitute or reflect data pertaining to non-permanent workers for the purpose of this disclosure. The Company is in the process of establishing a robust data collection system to facilitate structured reporting of this indicator in future disclosures.

- Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, all Human Rights complaints are addressed by the Ethics Committee.

- Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has established dedicated governance mechanisms, including the Ethics Committee, Prevention of Sexual Harassment (POSH) Committee, and Grievance Redressal Committee, to address concerns relating to ethical conduct, workplace practices, and human rights. These committees provide structured channels for reporting and resolving grievances and support continual improvement in organisational processes.

The Company follows a transparent and time-bound approach for the receipt, investigation, and resolution of complaints. In addition, it has adopted a comprehensive Human Rights Policy that outlines the principles, responsibilities, and grievance redressal procedures applicable across its operations.

The policy document is publicly accessible at: <https://www.kirloskaroilengines.com/documents/6887317/17209a31-6bba-dff8-b986-4b6134bda34c> and <https://www.kirloskaroilengines.com/documents/6887317/584d8947-649b-b79e-e4d5-141ae60dc9a0>.

- Number of Complaints on the following made by employees and workers:

	FY 2026			FY 2025		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
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:

	FY 2026	FY 2025
Total Complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees/workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil

8. Mechanisms to prevent adverse consequences to the complaint in discrimination and harassment cases.

KOEL actively promotes a culture of transparency and encourages grievance reporting without fear of retaliation. The Company safeguards complainants’ interests and protects them from adverse consequences.

KOEL’s Human Resources Policy is anchored in equal opportunity and non-discrimination principles. All HR practices align with labour laws, human rights statutes, and regulatory frameworks.

To address human rights violations and enable corrective measures, KOEL maintains the Whistle-Blower Policy and Prevention of Sexual Harassment (POSH) Committee.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, human rights requirements form part of business agreements. Supplier contracts contain Human Right clauses such as no use of child labor and enforcing the use of PPE (Safety) etc.

10. Assessment for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Nil
Forced/involuntary labor	Nil
Sexual harassment	Nil
Discrimination at workplace	Nil
Wages	Nil
Others-please specify	Nil

11. Provide details of any corrective actions taken or underway to address significant risks/concerning arising from the assessments at Question 10 above.

Not Applicable

Leadership Indicators

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

There were no cases found for which the business process modification was required.

2. Details of the scope and coverage of any Human rights due diligence conducted.

KOEL’s core values form the cornerstone of its identity as a trusted, accountable, and respected organisation. These principles shape the Company’s strategic business approach, ensuring operational excellence while upholding workforce dignity and fundamental human rights.

Due Diligence Framework

Through structured due diligence, KOEL ensures full compliance with statutory requirements, human rights directives, and regulatory obligations. Adherence to the Code of Conduct is monitored via quarterly assessments.

Compliance and Training

During the reporting period, 100% of operations underwent human rights compliance checks. Comprehensive training on human rights laws and best practices was delivered to all employees, fostering awareness, respect, and accountability.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

KOEL in due course of time shall ensure that its premises and offices meet the requirements as per the Rights of Persons with Disabilities Act, 2016.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	100%
Forced/involuntary labor	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others-please specify	100%

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments in Question 4 above.

The Company has a well-established Supplier Code of Conduct that comprehensively covers all relevant principles and requirements. This Code is communicated to all suppliers, and formal acknowledgement is obtained on a quarterly basis to ensure their continued acceptance and adherence. No cases of non-compliance were reported during the reporting period.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	Unit	FY 2026	FY 2025
From renewable sources			
Total electricity consumption (A)	GJ	44,882	55,037.67
Total fuel consumption (B)	GJ	0	0
Energy consumption through other sources (C)	GJ	0	0
Total energy consumed from renewable sources (A+B+C)	GJ	44,882	55,037.67
From non-renewable sources			
Total electricity consumption (D)	GJ	69,120	51,912.16
Total fuel consumption (E)	GJ	1,31,279.68	1,01,762.44
Energy consumption through other sources (F) (Natural Gas)	GJ	-	-
Total energy consumed from non-renewable sources (D+E+F)	GJ	2,00,399.88	1,53,674.60
Total energy consumed (A+B+C+D+E+F)	GJ	2,45,281.46	2,08,712.28
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	GJ/Million ₹	41.12	41.14
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)	GJ/Million INR adjusted to PPP	836.45	850.04
Energy intensity in terms of physical output	GJ/Number of Engines	1.95	2.50
Energy intensity (optional)- the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes - BDO India Services Private Limited

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve, and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2026	FY 2025
Water withdrawal by source (in kilolitres)		
(i) Surface Water	12,507	21,804
(ii) Ground Water	18,255	14,391
(iii) Third Party Water	1,73,601	1,76,326
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	2,04,363	2,12,521

Parameter	FY 2026	FY 2025
Total volume of water consumption (in kilolitres)	2,04,363	2,12,521
Water intensity per rupee of turnover (Total Water consumption/Revenue from operations) in kL/Million INR	34.26	41.89
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP) in kL/Million INR adjusted to PPP	696.91	865.55
Water intensity in terms of physical output in kL/No. of Engines	1.62	2.54
Water intensity (optional) - the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes - BDO India Services Private Limited

4. Provide the following details related to water discharged:

Parameter	FY 2026	FY 2025
Water discharge by destination and level of treatment (in kilolitres)		
i) To surface water	NA	Not applicable, as all generated wastewater is treated and reused for horticulture and domestic purposes. No wastewater is discharged outside Company premises.
- No treatment		
- With treatment-please specify level of treatment		
ii) To Groundwater		
- No treatment		
- With treatment-please specify level of treatment		
iii) To Seawater		
- No treatment		
- With treatment-please specify level of treatment		
iv) Sent to third-parties		
- No treatment		
- With treatment-please specify level of treatment		
v) Others		
- No treatment		-
- With treatment-please specify level of treatment		47,078.5
Total water discharge (in kilolitres)		47,078.5

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes - BDO India Services Private Limited

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

As part of its commitment to sustainable water management, KOEL has installed a 100 LPH Electric Evaporator at its Nashik plant's Effluent Treatment Plant (ETP). This system treats approximately 2 kilolitres per day (KLD) of wastewater.

The treated water is recycled for secondary applications, including toilet flushing and low-grade industrial processes such as water curtains in paint booths at the Kagal plant.

In alignment with long-term environmental goals, KOEL is exploring Zero Liquid Discharge (ZLD) system implementation at its Kagal facility. This reinforces focus on water conservation and responsible resource management.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2026	FY 2025
NOx	ppm	NA	8.09
Sox	Kg/day	NA	2.18
Particulate matter (PM)	Mg/nm ³	NA	77.43
Persistent organic compounds (POP)	NA	NA	NA
Volatile organic compounds (VOC)	Ppm	NA	<0.5
Hazardous air pollutants (HAP)	NA	NA	NA
Others-please specify	ppm	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes - BDO India Services Private Limited

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

Parameter	Unit	FY 2026	FY 2025
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	9,269	7,414
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	13,632	10,483
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations)	Emission intensity per million rupees of turnover	3.83	3.53
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)	Emission intensity per million rupee of turnover adjusted for Purchasing Power Parity (PPP)	78.09	72.89
Total Scope 1 and Scope 2 emission intensity in terms of physical output (As per Number of Engines)	Emission intensity per number of engines	0.18	0.21

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes - BDO India Services Private Limited

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

Scope 1 Emissions Reduction

- KOEL recovers waste heat from flue gas during engine testing and reuses it for various applications to reduce resource consumption. HVAC systems utilise HFC- and CFC-free refrigerants.

Scope 2 Emissions Reduction

- The Company substitutes conventional energy with renewable sources wherever feasible, to a significant extent.

Scope 3 Emissions Reduction

- Company-owned transport and public transport are prioritised for employee and business commuting.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2026	FY 2025
Total Waste generated (in metric tonnes)		
Plastic waste (A)	253.42	5.99
E-waste (B)	35.25	6.77
Biomedical Waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	15.06	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	669.11	540.52
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	5,657.85	5,318.01
Total (A+B + C + D + E + F + G + H)	6,630.69	5,871.29
Waste intensity per million rupee of turnover (Total waste generated/Revenue from operations)	1.11	1.16
Waste intensity per million rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	22.61	23.91
Waste intensity in terms of physical output (in terms of number of engines)	0.05	0.07
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
i) Recycled	6,366.14	4,381
ii) Re-used	0	0
iii) Other recovery operations (Co-processing)	2.68	0
Total	6,369	4,381
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
i) Incineration	191.69	234
ii) Landfilling	70.20	0
iii) Other disposal operations	0	0
Total	261.89	234

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes - BDO India Services Private Limited

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Environmentally Responsible Practices

KOEL is committed to environmentally responsible waste management across its operations. All hazardous and non-hazardous waste from manufacturing facilities is systematically segregated and stored securely in designated covered yards.

Regulatory Compliance

Disposal follows conditions in State Pollution Control Board Consent to Operate, including approved methods, limits, and authorised agencies. Hazardous waste such as paint sludge, lead-acid batteries, electronic waste, and used engine oil is recycled through authorised recyclers to minimise environmental impact.

Wastewater and Paint Initiatives

Advanced wastewater treatment achieves regulatory standards, enabling reuse for toilet flushing, irrigation, and industrial applications. KOEL is transitioning from solvent-based to water-based paints to lower VOC emissions and reduce paint waste toxicity, supporting cleaner manufacturing.

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.
			Not Applicable

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
					Not Applicable

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). If not, provide details of all such non-compliances, in the following format:

S. No.	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
				The entity is in compliance with all relevant statutory requirements

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

- i) Name of the area : Not applicable
ii) Nature of operations : Not applicable
iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2026	FY 2025
Water withdrawal by source (in kilolitres)		
i) Surface Water	NA	NA
ii) Ground Water	NA	NA
iii) Third Party Water	NA	NA
iv) Seawater/desalinated water	NA	NA
v) Others	NA	NA
Total volume of water withdrawal (in kilolitres)	NA	NA
Total volume of water consumption (in kilolitres)	NA	NA
Water intensity per rupee of turnover (Total Water consumption/Revenue from operations)	NA	NA
Water intensity (optional) - the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kilolitres)		
i) Into Surface water		
No treatment	NA	NA
With treatment - please specify level of treatment	NA	NA
ii) Into Groundwater		
No treatment	NA	NA
With treatment - please specify level of treatment	NA	NA
iii) Into Seawater		
No treatment	NA	NA
With treatment - please specify level of treatment	NA	NA
iv) Sent to third-parties		
No treatment	NA	NA
With treatment - please specify level of treatment	NA	NA
v) Others		
No treatment	NA	NA
With treatment - please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	NA	NA

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2026	FY 2025
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	171501	226242
Total Scope 3 emissions per rupee of turnover	emissions per million rupee of turnover	28.75	44.60
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No.

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.

We are not operating in ecologically sensitive zones.

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:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Energy Management	KOEL has implemented diverse renewable energy solutions across its facilities: - Captive Solar Power Plant: 8.18 MWp - Micro wind turbines: 30 kWp - Solar Battery Charging station: 15 kWp - Solar Steam generator (Parabola): 350 kgs/day - Biogas and generator: 300 kgs/day and 12 KVA - Solar Pumping system: 15 kW - Solar street lights: 400 nos. - Solar hot water generator: 1500 ltrs/day	KOEL has made significant progress in energy efficiency and renewable adoption: Increased share of renewable energy in total electricity consumption
2	Water Management	Real-time Monitoring Systems KOEL utilises a real-time water monitoring system with 27 water flow meters and live tank level sensors. This tracks consumption from MIDC water, pond water, and treated effluent. Monitoring is centralised through Bulfro Water Management Solutions for 24/7 oversight. Integrated Weather Monitoring In-house weather stations and piezometers track precipitation and groundwater levels. This data supports efficient rainwater harvesting management. Process Modifications & Conservation Industrial processes have been modified to reduce water usage, including dry cutting machines that eliminate water in machining. AC condensate water is reused for coolant preparation, and smart urinal O-rings reduce freshwater in sanitation. Wastewater Reuse Treated wastewater is reused for gardening and toilet flushing, minimising reliance on freshwater sources.	Through these projects, KOEL actively contributes to addressing water scarcity, improving water quality, and promoting sustainable water management in communities surrounding its Plant.

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
3	Waste/Materials Management	Resource Consumption Reduction KOEL optimises processes through lean manufacturing to minimise raw materials, water, and energy use, preventing waste generation at source. Digital Transformation Digital systems have been implemented for documentation, work permits, ISO management, HR applications, and utility monitoring, significantly reducing paper waste. Circular Economy Practices - Reusable skids replace plastic pallets, collected from partners and reintroduced into operations - Construction & Demolition (C&D) waste is reused for backfilling; paving blocks and bricks are recovered - Lubrication oil is filtered and recycled	100% utilisation of recycled water for Toilet flushing, gardening etc

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

KOEL has developed and implemented a comprehensive Business Continuity Policy and Plan. This framework is tailored to the specific requirements of its diverse business units, manufacturing facilities, and key corporate functions, including Human Resources and Finance. It ensures organisational resilience and preparedness against potential disruptions. This safeguards critical operations and enables seamless continuity of business activities.

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.

KOEL has not identified any significant adverse environmental impacts arising from its value chain that have materially affected the environment or the Company's operations during the reporting period. Recognising the importance of responsible supply chain management, the Company actively engages with its key suppliers to promote sound environmental practices. KOEL has initiated supplier sensitisation programmes on the SEBI BRSR Core framework, encouraging value chain partners to strengthen their practices relating to greenhouse gas emissions, resource efficiency, waste management, and environmental compliance. The Company continues to enhance ESG due diligence and supplier collaboration to build a more sustainable and resilient value chain.

For further details, please refer to Annexure A.

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

KOEL has undertaken an assessment of environmental performance for its key value chain partners through a review of publicly available disclosures aligned with the SEBI BRSR Core framework. The Company is progressively strengthening supplier engagement and ESG data collection processes to enhance the scope, quality, and consistency of future environmental assessments across its value chain.

For further details, please refer to Annexure A.

8. How many Green Credits have been generated or procured:

a. By the listed entity

b. By the top ten (in terms of value of purchases and sales, respectively) value chain partners:

No green Credit were procured during the current financial year.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1.

a.

Number of affiliations with trade and industry chambers/associations.
The Company is a member of 7 trade and industry chambers/associations.
- 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) |
|---------|---|--|
| 1 | Bombay Chamber of Commerce and Industry | State |
| 2 | Confederation of Indian Industry (Western Region) | National |
| 3 | Engineering Export Promotion Council | National |
| 4 | Federation of Indian Chambers of Commerce and Industry | National |
| 5 | Federation of Indian Export Organisations | National |
| 6 | Mahratta Chamber of Commerce Industries and Agriculture | State |
| 7 | Automotive Research Association of India | National |
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 as the Company received zero notices for anti-competitive, antitrust, conflict of interest, or monopolistic practices from regulatory authorities during the reporting period.		

Leadership Indicators

1.

Details of public policy positions advocated by the entity:
- | Sr. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/Half yearly/Quarterly/Others – please specify) | Web Link, if available |
|---|-------------------------|-----------------------------------|--|---|------------------------|
| During the reporting period, no public policy positions were advocated. | | | | | |

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1.

Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current 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
Donation for Promoting Education, Art and Culture					
Donation for Eradicating hunger, Poverty and Malnutrition					
Expense for Healthcare Service to Society					
Housing Project					
Not Applicable					

2.

Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sr. No.	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 ₹)
Not Applicable						

3.

Describe the mechanisms to receive and redress grievances of the community.

CSR Initiative Design

KOEL's Corporate Social Responsibility (CSR) initiatives address critical socio-economic issues impacting local communities, with special emphasis on underprivileged segments.

Community Feedback Mechanisms

To ensure effective resolution of concerns and enhance initiative impact, the Company has established structured engagement mechanisms:

- Direct Community Engagement:** CSR representatives maintain regular on-ground interactions to understand concerns, address grievances, and build trust-based relationships.
- Society Perception Surveys:** Periodic surveys through reputed third-party agencies assess community views on CSR efforts, providing insights for performance evaluation and programme enhancement.
- Community Satisfaction Index:** A structured index evaluates satisfaction with a minimum 85 benchmark score, serving as a key performance indicator for continuous improvement.

4.

Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2026	FY 2025
Directly sourced from MSMEs/small producers	29.40%	33.02%
Directly from within India	94.20%	95.4%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost

Location	FY 2026	FY 2025
Rural	0%	0%
Semi-urban	0%	0%
Urban	27.56%	27%
Metropolitan	72.43%	73%

Note: This figure represents total employment generated in small towns/villages and does not constitute or reflect data pertaining to non-permanent workers for the purpose of this disclosure. The Company is in the process of establishing a robust data collection system to facilitate structured reporting of this indicator in future disclosures.

(Place to be categorised as per RBI Classification System - rural/semi-urban/urban/metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No.	State	Aspirational District	Amount spent (In ₹)
Not Applicable			

3. A) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable group? (Yes/No) B) From which marginalised/vulnerable groups do you procure? C) What percentage of total procurement (by value) does it constitute?

As part of its commitment to inclusive growth and sustainable supply chain practices, KOEL prioritises collaboration with small and regional suppliers. The Company strategically focuses on local procurement from vendors within a 300-km radius, supporting MSMEs and regional economic development.

KOEL implements the Samvardhan Programme to empower MSME partners through LEAN manufacturing principles. This initiative improves operational efficiency, fosters innovation, and instills an entrepreneurial mindset among suppliers.

These efforts strengthen KOEL's supply chain ecosystem while promoting growth and resilience of local businesses.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sr. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
---------	--	-------------------------	-------------------------	------------------------------------

Not applicable since the Company has standard patents that are not based on traditional knowledge and does not own any intellectual properties based on traditional knowledge.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property-related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

Sr. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1.	Health	3618	30%
2.	Education	5061	40%
3.	Sustainable Livelihood	4985	40%
4.	Environment	161175	40%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Customer Engagement and Support

The Company is committed to delivering comprehensive, accessible, and responsive customer support through a multi-channel engagement framework. Customers can reach the dedicated support team via:

- **Phone:** 8806334433
- **WhatsApp:** 8806334433
- **Email:** koel.helpdesk@kirloskar.com
- **Website (Contact Us):** <https://www.kirloskaroilengines.com/contact>

The helpdesk operates on a 24/7 basis, ensuring uninterrupted assistance. In emergency situations, helpdesk personnel facilitate direct connections with Kirloskar Service Engineers to enable immediate support. To enhance accessibility, helpdesk contact details are prominently displayed on DG sets, the Company's website, and across all Point-of-Sale Materials (POSMs).

To ensure service quality and accountability, all customer service requests are systematically recorded and tracked through the Dealer Business Management System (Pulse) until successful resolution. For post-warranty concerns, customers may reach out to authorised service dealers, who log and manage such requests within the Pulse system.

The Company follows a structured approach to grievance redressal, with customer complaints handled by designated personnel, including Area Service Managers, Rapid Response Teams (RRT), Zonal Service Managers, and Key Account Managers. These representatives engage directly with customers to understand concerns and initiate corrective actions through the service dealer network. Where required, in-person interactions are undertaken to ensure effective resolution. In addition, targeted service campaigns are conducted to proactively identify and address segment-specific issues, enabling continuous improvement in systems and products.

The Company leverages digital and technological capabilities to strengthen customer engagement and after-sales service. Key Performance Indicators (KPIs), including response time (within 4 hours), turnaround time for repairs (24-48 hours), First Time Right (FTR), and First Visit Resolution (FVR), are closely monitored through the Pulse system to ensure adherence to service standards and drive continuous improvement.

Service requests are allocated to relevant service dealers based on pin code mapping within Pulse. Progress is monitored daily across all levels, from service dealers to the Customer Support leadership, with defined escalation timelines for ageing requests to ensure timely closure.

Customer satisfaction is assessed through the Customer Delight Index (CDI), measured via structured calls and SMS-based feedback following completion of each service request. CDI insights provide valuable inputs for service enhancement. A dedicated redressal mechanism is in place for “detractor” customers (scores of 6 or below), wherein each case is personally managed by a Company representative until satisfactory resolution, with closure confirmed through customer acknowledgement. Customers categorised as “passive” (scores of 7 or 8) are engaged periodically to better understand their expectations. During FY 26, the Company conducted 1,44,072 CDI interactions through calls and SMS.

In cases where customers indicate incomplete service delivery, the helpdesk generates a new service request, and the concerned service provider is required to ensure resolution to the customer’s satisfaction prior to closure.

The Company is supported by a strong nationwide service and spare parts network comprising 401 outlets and over 3,107 trained service personnel. This extensive network operates on robust, digitised processes to ensure efficient and timely customer support.

2. Turnover of products and/services as a percentage of turnover from all products/services that carry information about:

State	As a percentage to total turnover
Environmental and social parameters relevant to the product	100% of the Company’s total turnover is derived from products that are designed and intended for safe and responsible usage.
Safe and responsible usage	No specific product labelling or classification framework is currently in place to quantify this as a percentage of total turnover.
Recycling and/or safe disposal	The Company does not currently maintain specific labelling or classification mechanisms to quantify this as a percentage of total turnover.

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

	FY 2026		Remarks	FY 2025		
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil	-	2,46,735	395*	-
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Others (Products defects reported)	2,67,015	287	-	2,46,735	395*	-

*Out of 395 open complaints, 376 complaints were closed on 30th April 2025.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons 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) If available, provide a web-link of the policy.

Yes, the Company’s Privacy Policy addresses cybersecurity risks and data privacy considerations and is accessible at: <https://www.kirloskaroilengines.com/documents/6887317/f442ffff-416a-f5f0-0b5b-1caa30b3b0cb>

The Company leverages integrated digital systems, including Pulse, the enterprise resource planning (ERP) platform, and the electronic Field Service Report (eFSR), to enable end-to-end operational visibility and monitoring. To further strengthen quality assurance, periodic and random audits are conducted at both customer locations and dealer premises.

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.

During the reporting period, no instances were reported relating to non-compliance in advertising, disruption in essential service delivery, breaches of customer cybersecurity or data privacy, recurrence of product recalls, or any regulatory penalties/actions concerning product or service safety.

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches - No instance of data breaches in last financial year
- b. Percentage of data breaches involving personally identifiable information of customers - None
- c. Impact, if any, of the data breaches - Not Applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

Yes, detailed product-specific information is available on the Company’s website at: <https://www.kirloskaroilengines.com/products>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.

Customer Education and Awareness Initiatives

The Company adopts a comprehensive and multi-faceted approach to enhance customer awareness and enable informed and responsible product usage.

Product Information and Labelling

The Company ensures availability of detailed product information through appropriate labelling and documentation. This includes display labels on products and components, along with comprehensive Operations and Maintenance (O&M) manuals, aligned with applicable regulatory requirements. Customers are also provided with essential information such as usage guidelines (“Do’s and Don’ts”), regulatory approvals, user manuals, and part identification details.

Commissioning Support

During product commissioning, including CPCB II and CPCB IV+ generators, customers are guided on safe and optimal usage through detailed instructions and on-site reinforcement, including the application of informational stickers.

Training and Capacity Building

The Company conducts structured training programmes, including on-the-job training (OJT), OEM engagement sessions, and operator training initiatives across locations. These programmes are designed to build awareness and technical capability among customers, OEMs, and equipment operators.

Service Dealer Capability Enhancement

A structured annual training framework is implemented for service dealers and technicians across India to strengthen maintenance and service quality. Training modules cover engine assembly and dismantling procedures, recommended maintenance practices, and electrical systems, including alternators, controllers, and control panels.

Additional Customer Engagement Initiatives

The Company further supports customer education through product demonstrations for industrial and power generation segments, on-site training at customer premises, and dissemination of product literature. Direct customer interactions during site visits across business units also serve as a key channel for awareness and engagement. Additionally, the adoption of skid-based packaging in place of wooden materials reflects the Company’s focus on promoting environmentally responsible practices.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not applicable, as the Company does not provide essential services.

4. A) Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) B) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Product Certifications

KOEL’s products are certified by recognised authorities including Factory Mutual Underwriters Laboratory (FMUL), Bureau of Indian Standards (BIS), and European Conformity (CE), demonstrating adherence to rigorous quality and safety standards.

Responsible Usage Labelling

Product labelling effectively communicates essential information to customers and recyclers, promoting responsible usage and disposal. All parts and products feature display labels and comprehensive Operations & Maintenance (O&M) manuals compliant with regulations.

Customer Empowerment

Each product clearly displays usage guidelines, regulatory approvals, user manuals, Do’s and Don’ts, and parts code references, empowering customers for safe and efficient handling.

Annexure A - BRSR Value Chain Disclosure

Executive Summary

In today’s dynamic industrial environment shaped by climate change, technological evolution, and geopolitical shifts, robust supply chain resilience and sustainability have become strategic priorities. For engineered solutions providers like Kirloskar Oil Engines Limited (“KOEL”/“Company”), these drivers pose both challenges and opportunities: innovation cycles are accelerating, ESG regulations are tightening, and disruptions, from supply shocks to regulatory changes, are emerging more frequently. As a result, KOEL is moving beyond conventional cost-driven approaches to embrace value-led, ecosystem-based sourcing strategies that enhance transparency, trust, and long-term competitiveness.

Resilience and sustainability underpin KOEL’s supply chain ethos. Operating across critical sectors such as manufacturing, oil & gas, power, and refrigeration, KOEL recognises its responsibility to reduce emissions, manage resources responsibly, and ensure ethical supplier practices. Our ESG Policy that is aligned with global frameworks extends to value chain ensuring our partners adopt best-in-class environmental, social, and governance standards.

This Value Chain Report (“Report”) has been structured to disclose the performance of our value chain against the BRSR Core framework, a streamlined version of the broader sustainability reporting standard by Securities and Exchange Board of India (SEBI). Pursuant to SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated 28th March, 2025, the requirement for disclosing and assuring value chain data that has been deferred by one year, with the reporting boundary now covering partners contributing 2% to the purchases or sales value, cumulatively covering up to 75% of total value.

KOEL is utilising this extended timeline to further reinforce ESG due diligence across its value chain and enhance the availability, quality, and consistency of supplier level ESG data. Through structured collaboration with its suppliers, KOEL aims to identify and mitigate potential ESG risks, promote continuous improvement, and ensure preparedness for future regulatory requirements, while collectively driving long term value creation and sustainable development.

ESG Commitment and Governance

KOEL demonstrates a strong commitment to Environmental, Social, and Governance (ESG) excellence through a structured ESG framework that integrates sustainability into its business strategy, operations, and value chain. The Company emphasises minimising environmental impact by advancing energy efficiency, expanding renewable energy use, conserving water, promoting circularity, and reducing emissions, including achieving carbon-neutral milestones at key facilities. Its governance practices are anchored in transparency, ethical conduct, robust risk management, and compliance with national guidelines and global reporting standards such as GRI, supported by external assurance to ensure credibility. KOEL’s ESG approach also prioritises employee well-being, workplace safety, human rights, and inclusive

employment practices while fostering strong stakeholder engagement. Through responsible sourcing, increased collaboration with local and MSME suppliers, and initiatives to build a resilient, low-carbon supply chain, the Company strengthens accountability and operational continuity. With long-term sustainability goals aligned to its 2030 strategy, KOEL continues to advance climate stewardship, resource efficiency, and community development, reflecting a holistic and future ready ESG governance model.

Approach to Supplier Engagement and Data Collection

KOEL’s approach follows a structured methodology to gather data against the BRSR Core framework.

- Supplier Prioritisation:** Identification of suppliers meeting SEBI-defined value thresholds (≥2% procurement value), covering up to 75% of total procurement spend.
- Structured data collection:** Deployment of standardised questionnaires based on BRSR Core environmental, social, and governance indicators.
- Capacity Building:** Conducted BRSR Core sensitisation workshops covering a detailed walkthrough of the nine Core indicators and their computation.

Reporting Scope

This Report has been prepared in accordance with the SEBI BRSR Core framework and covers upstream value chain partners that meet the revised materiality thresholds prescribed under the SEBI Circular dated 28th March, 2025. The reporting boundary has been carefully defined to ensure accuracy, comparability, and consistency across all indicators evaluated.

For FY 2024-25, KOEL’s total procurement spend stood at ₹ 1,12,752 Lakhs. In accordance with the regulatory requirement to include value chain partners contributing ≥2% of annual procurement spend; the assessment boundary includes suppliers meeting this threshold. This assessment identified 6 suppliers who accounted for 2% or more of the total procurement spend. We have received partial information from few suppliers who independently meet the SEBI-defined threshold; however, this data has not been included in the current Report to maintain consistency across indicators and avoid reporting gaps that could arise due to incomplete submissions. The scope of the Report presents complete and verifiable BRSR Core information of suppliers who account for 56% of KOEL’s procurement spend; given that these partners are publicly listed entities, the required supplier information was sourced from publicly available disclosures.

KOEL is committed to building the readiness of its suppliers and is actively engaging with them to support their ability to collect, maintain, and report BRSR-aligned data in future reporting cycles.

ESG Performance of Value Chain Partners

The BRSR Core framework focuses on a set of nine essential ESG attributes that enable companies to disclose high quality, assured, and comparable sustainability information. These indicators represent priority areas where ESG performance can have material impacts on a company’s operations, supply chain, and long term value creation. The nine attributes cover critical aspects of business responsibility, such as greenhouse gas emissions, water management, workforce well-being, waste handling, and ethical practices. They are designed to encourage responsible conduct, enhance transparency, and drive improved ESG maturity across industry value chains. For KOEL, these attributes provide a structured lens through which to assess and engage its suppliers, ensuring that environmental stewardship, social responsibility, and governance integrity are upheld across the ecosystem.

Greenhouse gas footprint

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Greenhouse Gas (GHG) Footprint	Total Scope 1 emissions	MT	1,14,11,584	1,09,50,403
		Total Scope 2 emissions	MT	10,51,061	10,86,822
		GHG emission intensity (Scope 1+2)	MT/Unit of output*	-	-
			MTCO ₂ e/INR adjusted for Purchasing Power Parity (PPP)*	-	-

*Intensity values have not been disclosed due to differences or inconsistencies in reporting and units of measurement.

Water Footprint

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Water footprint	Total water consumption	KL	4,03,91,183	3,81,30,405
		Water consumption intensity	KL/Unit of output*		
			KL/INR adjusted for PPP*		
		Water discharge by destination and levels of treatment			
		To Surface water			
		- No Treatment	KL		
		- With Treatment	KL	36,46,610	19,93,000
		(ii) To Groundwater			
		- No Treatment	KL		
		- With Treatment	KL	24,030	18,000
		(iii) To Seawater			
		- No Treatment	KL		
		- With Treatment	KL	1,75,39,864	2,47,23,580
		(iv) Sent to third parties			
		- No Treatment	KL		
		- With Treatment	KL	24,791	23,454
		(v) Others			
		- No Treatment	KL	20,510	16,000
		- With Treatment	KL		
		Total water discharged	KL	2,12,55,805	2,67,74,034

*Intensity values have not been disclosed due to differences or inconsistencies in reporting and units of measurement.

Energy Footprint

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Energy footprint	Total energy consumption	GJ	14,55,56,593	14,02,74,159
		Energy consumed from renewable sources	GJ	14,28,453	10,53,032
		% Energy consumed from renewable sources	%	0.98	0.75
		Energy intensity	GJ/Unit of output*	-	-
			GJ/INR adjusted for PPP*	-	-

*Intensity values have not been disclosed due to differences or inconsistencies in reporting and units of measurement.

Embracing Circularity

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Embracing circularity	Plastic waste	MT	6,453	5,519
		E-waste	MT	50	66
		Bio-medical waste	MT	0.38	3
		Construction and demolition waste	MT	1,611	407
		Battery waste	MT	41	60
		Radioactive waste	MT	-	0.10
		Other hazardous waste	MT	58,264	2,19,436
		Other non-hazardous waste	MT	5,79,570	4,41,743
		Total waste generated	MT	6,45,988	6,67,234
		Waste intensity	MT/Unit of output*	-	-
			MT/INR adjusted for PPP*	-	-
2.	Waste recovered through recycling, re-using or other recovery options	Waste recycled	MT	1,31,299	1,32,758
		Waste reused	MT	3,65,320	3,58,015
		Waste recovered through other recovery options	MT	15,909	16,852
		Total waste recovered	MT	5,12,529	5,07,625
3.	Waste disposed by nature of disposal method	Waste incinerated	MT	376	1,397
		Waste sent to landfill	MT	1,04,866	1,03,087
		Waste disposed through other disposal options, mention the details	MT	53,744	7,274
		Total waste disposed	MT	1,58,986.29	1,11,759.87

*Intensity values have not been disclosed due to differences or inconsistencies in reporting and units of measurement.

Enhancing Employee Well-being and Safety

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Enhancing employee well-being and safety	Amount spent towards safety and well-being measures as a % of total revenue of the company	%	0.16	0.16
2.	Safety-related incident: Employees	Number of Permanent Disabilities due to safety incidents	Number	-	-
		Lost Time Injury Frequency Rate (LTIFR)	Number	0.06	0.42
		Number of fatalities	Number	-	-
3.	Safety-related incident: Workers	Number of Permanent Disabilities due to safety incidents	Number	-	-
		Lost Time Injury Frequency Rate (LTIFR)	Number	4	1
		Number of fatalities	Number	3	1

Enabling Gender Diversity

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Embracing employee well-being and safety	Gross wages paid to women or female employees and workers as a % of total wages paid	%	7.24	6.57
2.	Complaints on POSH	Total Complaints on Sexual Harassment (POSH) reported	Number	11	5
		Complaints as a % of women or female employees and workers	%	0-2.22	0-0.25
		Complaints on POSH upheld	Number	9	3

Enabling Inclusive Development

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Enabling inclusive development	Total amount of Input material directly sourced from MSMEs/small producers as a % of total amount of purchases	%	16.2-31.8	9.09-33.76
		Total wages paid to persons in smaller towns as a % of total wages paid*			
		Rural	%	2-40.13	2-40.12
		Semi-urban	%	2.37-19.61	2.39-18.38
		Urban	%	6.85-24.65	7.32-23.56
		Metropolitan	%	33.41-76	34.17-75.3

*Note: As per the clarification provided in the Industry Standards on reporting of BRSR Core released by SEBI, in addition to the permanent employees, gross wages paid to other than permanent employees/workers have also been considered for FY 2025. Hence, the figures are not comparable to FY 2024's figures.

Fairness in engaging with Customers and Suppliers

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Fairness in engaging with customers and suppliers	Number of instances involving loss/breach of data of customer as a % of total data breaches	%	0	0
		Number of days of accounts payable	Number	305	313

Openness of Business

Sr. No.	Attribute	Parameter	UOM	FY 2025	FY 2024
1.	Openness of Business	Purchases from trading houses as a % of total purchases	%	0-19.94	0-15.98
		Purchases from top 10 trading houses as a % of total purchases from trading houses	%	0-86.96	0-97.16
		Number of trading houses purchases are made from	Number	114	74
		Sales to dealers/distributors as a % of total sales	%	0.59-60.2	0.55-66.1
		Sales to top 10 dealers/distributors as a % of total sales to dealers and distributors	%	19.5-82.1	20.3-71.27
		Number of dealers/distributors to whom sales are made	Number	36054	32984
		Purchases with related parties as a % of total purchases	%	0-79	0-78
		Sales to related parties as a % of total sales	%	0.04-10.2	0.13-9.6
2.	Related-party transactions	Loans and advances to related parties as a % of total loans and advances	%	6.43-99.92	7.5-99.89
		Investments in related parties as a % of total investments	%	0.5-99	0.7-100

Independent Assurance Statement

To,
Kirloskar Oil Engines Limited
Laxmanrao Kirloskar Road,
Khadki, Pune - 411 003

Independent Assurance Statement to Kirloskar Oil Engines Limited on select non-financial sustainability disclosures in the Business Responsibility and Sustainability Report for the financial year 2025-26.

Introduction and objective of engagement

Kirloskar Oil Engines Limited (the 'Company') has developed its Business Responsibility and Sustainability Report (BRSR) 2025-26 (the 'Report') based on the BRSR reporting guidelines, including the BRSR Core indicators prescribed by SEBI for listed entities. The reporting criteria have been derived from the Principles of National Guidelines on Responsible Business Conduct (NGRBC), and Greenhouse Gas (GHG) Protocol - A Corporate Accounting and Reporting Standard.

BDO India Services Private Limited ("BDO India") was engaged by the Company to provide independent assurance on BRSR Core indicators of the Report that includes the Company's performance for the period 1st April 2025 through 31st March 2026.

The Company's responsibilities

The Report content and its presentation are the sole responsibilities of the management of the Company. The Company management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

BDO India's responsibilities

BDO India's responsibility, as agreed with the management of the Company, is to provide assurance on the Report content as described in the 'Scope, boundary & assurance criteria' section below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance a third party may place on the Report is entirely at its own risk.

Assurance standard

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and ISAE 3410, "Assurance Engagements on Greenhouse Gas Statement" issued by the International Auditing and Assurance Standards Board (IAASB).

¹SEBI vide Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated 12 July, 2023

Scope, boundary & assurance criteria

The reporting scope and boundary cover the Company's standalone operations.

We applied the 'Reasonable' Assurance criteria for non-financial BRSR Core Indicators¹, pertaining to the Company's disclosure for the period 1st April 2025 through 31st March 2026.

Verification of non-financial sustainability performance data, based on our professional judgement was conducted at the following sites:

Onsite Verification:

- Kirloskar Oil Engines Limited, Nashik, Maharashtra
- Kirloskar Oil Engines Limited, Kagal, Kolhapur, Maharashtra
- Kirloskar Oil Engines Limited, Khadki, Pune, Maharashtra

Online Verification:

- Kirloskar Oil Engines Limited, Bhare, Pune, Maharashtra
- Kirloskar Oil Engines Limited, Rajkot, Gujarat

Assurance methodology

Our assurance process entails conducting procedures to gather evidence regarding the reliability of the disclosures covered in the assurance scope. We conducted a review and verification of data collection, collation, and calculation methodologies, and a general review of the logic of inclusion/ omission of relevant information/ data in the Report. Our review process included:

- Evaluation and assessment of the appropriateness of the quantification methods used to arrive at the non-financial sustainability information of the BRSR Core indicators in the Report;
- Review of consistency of data/information within the Report as well as between the Report and the source;
- Engagement through discussions with personnel at the corporate level who are accountable for the data and information presented in the Report;
- Execution of an audit trail of claims and data streams, to determine the level of accuracy in collection, transcription, and aggregation;
- Review of data collection and management procedures, and related internal controls;

Limitations and exclusions:

There are inherent limitations in an assurance engagement, including, for example, the use of judgement and selective testing of data. Accordingly, there are possibilities that material misstatements in the Report may remain undetected.

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2025 through 31st March 2026);
- Review of the 'economic and/or financial performance indicators' included in the Report or on which reporting is based; we have been informed by the Company that these are derived from the Company's audited financial records;
- The Company's statements and claims related to any topic other than those listed in the 'Scope, boundary & assurance criteria';
- The Company's statements that describe qualitative/ quantitative assertions, expression of opinion, belief, inference, aspiration/targets, expectation, aim or future intention.

Our observations

We have reviewed the disclosures in the "Report" for the reporting period from 1st April 2025 through 31st March 2026. The disclosures of the Company, covered under the 'Scope, boundary & assurance criteria', are fairly reliable.

Our conclusion

Based on the scope of our review, we conclude that the disclosures fulfil the principles of relevance, completeness, reliability, neutrality, and understandability as per 'reasonable' assurance criteria of the applied Assurance Standard.

Our assurance team and independence

BDO India Services Private Limited is a professional services firm providing services in Advisory, Assurance, Tax, and Business Advisory Services, to both domestic and international organisations across industry sectors. Our non-financial assurance practitioners for this engagement are drawn from a dedicated Sustainability and ESG Team in the organisation. This team is comprised of multidisciplinary professionals, with expertise across the domains of sustainability, global sustainability reporting standards and principles, and related assurance standards. This team has extensive experience in conducting independent assurance of sustainability data, systems, and processes across sectors and geographies. As an assurance provider, BDO India is required to comply with the independence requirements set out in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

For BDO India Services Private Limited

Sd/-
Indra Guha
Partner | Sustainability & ESG
Business Advisory Services
Gurugram, Haryana
14 May 2026

Independent Auditor’s Report on Standalone Financial Statements

The Members of Kirloskar Oil Engines Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Kirloskar Oil Engines Limited (“the company”), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “the Standalone Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 as amended (‘the Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2026 and its profit (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Standalone Financial Statements’ section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone

Financial Statements for the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue recognition:

During the financial year, the company has recognized revenue from contracts with customers for sale of goods and services of ₹ 5,603.85 Crores (Refer Note 30 of the Standalone Financial Statements). Revenue is recognized as per revenue recognition policy described in Note 41.4.17.

We have identified revenue recognition as a key audit matter since it involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligation and assessing whether the identified performance obligations are satisfied at a point in time or satisfied over a period of time and determining when the control is transferred.

Our audit methodology included the following:

- Obtained an understanding and assessed internal controls and its effectiveness with regards to recognition of revenue.
- Analysed major streams of revenue of the company to assess whether the method of revenue recognition is consistent with ‘Ind AS 115, Revenue from Contracts with customers’ and has been applied consistently.
- Focused on contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples.
- Tested on sample basis whether revenue transactions near to the reporting date have been recognized in the appropriate period based on terms of the contract.
- Evaluated and critically analysed on sample basis, the significant judgements and estimates made by the management in applying the accounting policy for allocation of transaction price and the timing of transfer of control.
- Critically analysed the adequacy and appropriateness of disclosures required as per ‘Ind AS 115, Revenue from Contracts with Customers’.

Other Information

The company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance, Business Responsibility and Sustainability Report and Board’s Report, but does not include the Standalone Financial Statements and our auditor’s report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained 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 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 the Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Board of Directors 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 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 Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Act we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 financial year ended March 31, 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 Act, 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 Other Comprehensive Income), the statement of Changes in Equity and the Statement of Cash Flows

dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 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 the Standalone Financial Statements of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B' to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to the Standalone Financial Statements.
- (g) As required by section 197 (16) of the Act, in our opinion and according to information and explanation provided to us, the remuneration paid/ provided for by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information- and according to the explanations given to us:
 - (i) The company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements - Refer Note 41.5.1 to the Standalone Financial Statements.
 - (ii) The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

- (iv) (a) The management has represented that to the best of its knowledge or belief, no funds other than as disclosed in the notes to the Standalone Financial Statements (Refer Note 46) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that to the best of its knowledge or belief, no funds have been received by the company from any other person(s) or entity(ies) including foreign entities (funding parties) with the understanding, whether recorded in writing or otherwise, that the company shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures considered reasonable and appropriate in the circumstances

carried out by us, nothing has come to our notice that has caused us to believe that the representation under clause (iv)(a) & (iv)(b) contain any material misstatements.

- (v) (a) The final dividend proposed for the previous year, declared and paid by the company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The interim dividend declared and paid by the company during the year and until the date of this report is in compliance with Section 123 of the Act.
- (c) The Board of Directors of the company have proposed final dividend for the year in accordance with Section 123 of the Act which is subject to the approval of the members at the ensuing Annual General Meeting.
- (vi) According to the information and explanations given to us and based on our examination which included appropriate test checks, we report that the company has used accounting software for maintaining its books of account which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, we did not come across any instance of tampering of the audit trail feature during the course of our audit and the audit trail has been preserved by the company as per the statutory requirements for record retention.

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 26121007MJVFRJ8492

Anagha M. Nanivadekar
Partner
Membership Number: 121007
Pune, May 14, 2026

Annexure “A” to Independent Auditors’ Report (Referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ section of our Report to the Members of Kirloskar Oil Engines Limited of even date)

(i) (a) (A) The company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment including right of use assets.

(B) The company is maintaining proper records showing full particulars of intangible assets.

(b) The company has a regular programme of physical verification of its property, plant and equipment according to which the physical verification is carried out once in a period of three years. In accordance with this programme, property, plant and equipment were verified during the year 2024-25 and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and nature of its assets.

(c) The title deeds of all the immovable properties disclosed in the Standalone Financial Statements were held in the name of the company. Further, the lease agreements where the company is a lessee have been duly executed.

(d) During the year, the company has not revalued its property, plant and equipment, right of use assets and intangible assets.

(e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the Management. In our opinion, the procedures for verification of inventory and the coverage of verification were appropriate. The discrepancies noticed for each class of inventories were insignificant and not 10% or more in aggregate for each class of inventory, which have been properly dealt with in the books of account. In respect of inventories lying with third parties, the company has obtained confirmation letters to cover the significant value.

(b) During the year, the company has availed working capital limits from banks in excess of ₹ 5 Crores on the basis of security of current assets. On the basis of audit procedures carried out by us we report that there were no discrepancies in the quarterly statements filed with banks and the books of account of the company.

(iii) (a) During the year the company has not given any advance in the nature of loan, provided any guarantee or given

any security to its subsidiaries, other companies, firms, Limited Liability Partnerships or any other parties. However, the company has granted loans to its employees during the year, details of which are as under:

(₹ In Crores)	
Particulars	Loan Amount
Aggregate amount granted/provided during the year	
- Employees	0.10
Balance outstanding as at balance sheet date in respect of above cases	
- Employees	0.08

(b) In our opinion, investments made and the terms and conditions of loans and advances granted during the year are not prejudicial to the interest of the company.

(c) In respect of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments are regular.

(d) There are no amounts of principal and interest which are overdue as at March 31, 2026.

(e) According to the information and explanations provided to us and based on the audit procedures carried out by us, we report that no loan which has fallen due during the year has been renewed or extended. We further report that no fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(f) The company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, guarantees and security provided by it, as applicable.

(v) The company has not accepted any deposits or amounts which are deemed deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vi) 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 Act 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.

(vii) (a) The company is generally regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us and based on the audit

procedures carried out by us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2026 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of examination of books of account and records of the company, we report that there are no dues in respect of goods and services tax, provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute except for following cases:

Name of the Statute	Nature of Dispute	Amount under dispute not deposited * (₹ in Crores)	Period to which amount is related	Forum where the dispute is pending
Income Tax Act, 1961	Disallowances and demands during the course of assessment	106.76	Assessment Years: 1997-98 1998-99 2008-09 2009-10 2010-11 2011-12 2012-13	Bombay High Court As informed to us, though the demands have been dropped by the assessing officers in view of favourable decisions of ITAT, the Income Tax Department has since preferred appeal in the High Court. However, the High Court has not directed the company to deposit any amount in this respect.
		12.66	AY 2018-19	Commissioner of Income Tax (Appeals)
		11.89	AY 2020-21	Commissioner of Income Tax (Appeals)
		10.14	AY 2022-23	Commissioner of Income Tax (Appeals)
		12.93	AY 2023-24	Commissioner of Income Tax (Appeals)
		14.66	AY 2024-25	Commissioner of Income Tax (Appeals)
State Sales Tax Legislations	Non- submission of forms and Other Demands	0.70	2004-2005 2007-2008	High Court of Madhya Pradesh Bombay High Court Karnataka High Court
	Non-receipt of forms and disallowance of credits	0.37	2004-2005 2007-2009 2015-2016	Joint/ Additional/ Commissioner (Appeals)
Goods and Services Tax (GST)	Disallowance of Input Tax Credit	0.46	2017-18, 2018-19, 2019-20	The Company is in the process of filing an appeal with Goods and Services Tax Appellate Tribunal, Odisha
		0.25	2018-19	The Company is in the process of filing an appeal with Goods and Services Tax Appellate Tribunal, Uttar Pradesh
		0.71	2019-20 2020-21 2021-22	Joint Commissioner (Corporate Circle) State Tax, Lucknow, Zone II, Lucknow
		0.29	2018-19	Superintendent of GST & Central Excise Appeal-1, Chennai
		1.55	2019-23	DC GST Appeal, Chennai 1
		0.29	2020-21	The Company is in the process of filing an appeal with Goods and Services Tax Appellate Tribunal, Karnataka
		0.05	2021-22	Joint commissioner, LGSTO 020, DGST01 Bengaluru, Karnataka
		6.84	2019 -20 2020-21 2021-22	The Company is in the process of filing an appeal with Goods and Services Tax Appellate Tribunal, Maharashtra
	TRAN-1 Credit disallowance	35.96	June 2016 to August 2017	Commissioner (Appeals), CGST, Pune-II

Name of the Statute	Nature of Dispute	Amount under dispute not deposited * (₹ in Crores)	Period to which amount is related	Forum where the dispute is pending
Customs Act, 1962	Levy of Differential Customs Duty	0.00**	2017-18	Commissioner (Appeals)
		11.20	2020-21	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Disallowance of Credit	0.03	2007-2010	Bombay High Court
		0.79	2006-2007 2013-2017	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise duty on government incentives, Valuation and disallowance of CENVAT credit	26.34	1992-2002 2004-2017	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)
Maharashtra Stamp Act, 1958, as amended	Stamp Duty	7.47	Assessed during 2015-16	Chief Controlling Revenue Authority

* Amounts are net of pre-deposit, paid under protest.

**Balances with values below the rounding off norm adopted by the company have been reflected as "0.00"

- (viii) According to the information and explanations given to us and on the basis of examination of books of account and records of the company, we report that there are no transactions, which were not recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The company has not defaulted in repayment of loans or other borrowings including interest thereon from banks.
- (b) According to the information and explanations given to us and on the basis of examination of books of account and records of the company, we report that the company has not been declared to be a wilful defaulter by any bank.
- (c) According to the information and explanations given to us and on the basis of examination of books of account and records of the company, we report that term loans were applied for the purposes 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 no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) During the year, the company has not raised any money by way of initial public offer or further public offer (including debt instruments). As such, reporting under clause 3(x)(a) of the Order is not applicable to the company.
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and as per the information and explanations given by the Management, we report that no fraud by the company or no fraud on the company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us and procedures performed by us, we report that no whistle-blower complaints were received during the year by the company.
- (xii) The company is not a Nidhi Company within the meaning of Section 406 of the Act. As such, reporting under clause 3 (xii) (a) to (c) is not applicable.

(xiii) Based upon the audit procedures performed and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Standalone Financial Statements.

(xiv) (a) In our opinion, the internal audit system of the company is commensurate with the size and nature of its business.

(b) The reports of the Internal Auditors for the year under audit have been considered by us.

(xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with any of the directors or persons connected with him. Accordingly, the provisions of clause (xv) of the Order are not applicable to the company.

(xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the provisions of clause (xvi) (a) of the Order are not applicable to the company.

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities during the year.

(c) The company would not be classified as a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) According to the information and explanation given to us, the Group has two Core Investment Companies as defined in Core Investment Companies (Reserve Bank) Directions, 2016.

(xvii) On the basis of examination of books of account and records of the company and overall examination of the Standalone Financial Statements, we report that the company has not incurred cash losses in the financial year 2025-26 or in the immediately preceding financial year 2024-25.

(xviii) During the year, there is no resignation by the statutory auditors of the company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the 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 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) On the basis of examination of books of account and records of the company, we report that there is no unspent amount in respect of Corporate Social Responsibility which was due for transfer during the year to a Fund specified in Schedule VII to the Act or to special account in compliance with provision of sub section (6) of section 135 of the said Act.

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 26121007MJVFRJ8492

Anagha M. Nanivadekar
Partner
Membership Number: 121007
Pune, May 14, 2026

‘Annexure B’ to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Kirloskar Oil Engines Limited.

Report on the Internal Financial Controls with reference to the Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to the Standalone Financial Statements of Kirloskar Oil Engines Limited (“the company”) as of March 31, 2026 in conjunction with our audit of the Standalone Financial Statements of the company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The company’s Management 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 (ICA). 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 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 company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements, both issued by the Institute of Chartered Accountants of India. 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 the Standalone 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 internal financial controls with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included 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 Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls over financial reporting with reference to the Standalone Financial Statements

A company's internal financial control over financial reporting with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to the Standalone Financial Statements includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to the Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to the Standalone

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 the Standalone Financial Statements and such internal financial controls were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 26121007MJVFRJ8492

Anagha M. Nanivadekar
Partner
Membership Number: 121007
Pune, May 14, 2026

Balance Sheet

as at 31 March 2026

₹ in Crores			
Particulars	Note No.	As at 31 March 2026	As at 31 March 2025
Assets			
I. Non-current assets			
(a) Property, plant and equipment	1a	781.10	622.53
(b) Capital work-in-progress	1a	57.78	69.34
(c) Right-of-use assets	1b	36.04	56.00
(d) Other intangible assets	2	116.41	132.85
(e) Intangible assets under development	2	86.63	26.40
(f) Financial assets			
(i) Investments	3	1,537.85	1,500.05
(ii) Loans	4	0.04	0.01
(iii) Other financial assets	5	24.44	25.45
(g) Income tax assets (net)	6	35.37	23.02
(h) Other non-current assets	7	17.81	21.70
Total Non-current assets		2,693.47	2,477.35
II. Current assets			
(a) Inventories	8	603.41	493.12
(b) Financial assets			
(i) Investments	9	109.95	287.23
(ii) Trade receivables	10	782.51	651.07
(iii) Cash and cash equivalents	11a	120.35	73.18
(iv) Bank balance other than (iii) above	11b	432.21	233.00
(v) Loans	12	0.04	0.02
(vi) Other financial assets	13	23.79	20.07
(c) Assets held for sale	14	-	-
(d) Other current assets	15	71.38	72.46
Total Current assets		2,143.64	1,830.15
Total Assets		4,837.11	4,307.50
Equity and Liabilities			
Equity			
(a) Equity share capital	16	29.07	29.04
(b) Other equity	17	3,325.43	2,946.59
Total Equity		3,354.50	2,975.63
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	19.13	49.13
(ii) Lease liabilities	19	9.22	28.11
(iii) Other financial liabilities	20	8.03	14.06
(b) Provisions	21	40.23	41.26
(c) Deferred tax liabilities (net)	22	43.22	25.02
(d) Other non-current liabilities	23	75.39	82.44
Total Non-current liabilities		195.22	240.02
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	85.26	80.29
(ii) Lease liabilities	25	17.26	17.05
(iii) Trade and other payables	26		
a) total outstanding dues of micro enterprises and small enterprises		145.37	87.78
b) total outstanding dues of creditors other than micro enterprises and small enterprises		623.23	562.86
(iv) Other financial liabilities	27	161.50	113.37
(b) Other current liabilities	28	124.04	120.52
(c) Provisions	29	130.73	109.98
Total Current liabilities		1,287.39	1,091.85
Total Equity and Liabilities		4,837.11	4,307.50
Material accounting policies	41		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number: 100515W

RAHUL KIRLOSKAR
Chairman (Non-Executive Director)
DIN: 00007319

GAURI KIRLOSKAR
Vice Chairperson and Managing Director
DIN: 03366274

ANAGHA M. NANIVADEKAR
Partner
Membership Number: 121007
Pune: 14 May 2026

RAHUL SAHAI
Chief Executive Officer

SACHIN KEJRIWAL
Chief Financial Officer
ACA: 66309

FARAH IRANI
Company Secretary
ACS: 21182
Pune: 14 May 2026

Statement of Profit and Loss

for the year ended 31 March 2026

₹ in Crores			
Particulars	Note No.	2025-2026	2024-2025
Income			
Revenue from operations	30	5,646.83	4,520.72
Other income	31	40.66	34.08
Total income		5,687.49	4,554.80
Expenses			
Cost of raw materials and components consumed	32	2,973.80	2,323.74
Purchase of traded goods	33	724.30	583.63
Changes in inventories of finished goods, work-in-progress and traded goods	34	(24.02)	12.84
Employee benefits expense	35	356.85	321.99
Finance costs	36	11.03	11.24
Depreciation and amortisation expense	37	143.31	113.92
Other expenses	38	903.97	701.58
Expense capitalised		(25.34)	(16.90)
Total expenses		5,063.90	4,052.04
Profit before exceptional items and tax		623.59	502.76
Exceptional items [income/(expenses)]	39	(29.68)	20.90
Profit before tax from continuing operations		593.91	523.66
Tax expense			
Current tax	40	134.61	117.69
Deferred tax	40	17.80	16.15
Total tax expense		152.41	133.84
Net profit/(loss) for the year from continuing operations		441.50	389.82
Discontinued operations			
Profit before tax from discontinued operations	39A	26.09	56.28
Tax expense on discontinued operations	39A	6.57	14.17
Net profit/(loss) after tax from discontinued operations		19.52	42.11
Profit for the year		461.02	431.93
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gain / (loss) on defined benefit plans		1.58	(3.95)
Income tax (expenses)/income on above		(0.40)	1.00
Subtotal (A)		1.18	(2.95)
Net gain / (loss) on equity instruments measured at fair value through other comprehensive income		(0.00)	(0.20)
Income tax (expenses)/income on above		0.00	0.08
Subtotal (B)		(0.00)	(0.12)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (A + B)		1.18	(3.07)
Total other comprehensive income/(loss) for the year, net of tax [A + B]		1.18	(3.07)
Total comprehensive income/(loss) for the year		462.20	428.86
Earnings per equity share [nominal value per share ₹ 2/- (31 March 2025: ₹ 2/-)]			
From continuing operations			
Basic		30.39	26.87
Diluted		30.35	26.81
From discontinued operations			
Basic		1.34	2.90
Diluted		1.34	2.90
From continuing and discontinued operations			
Basic		31.73	29.77
Diluted		31.69	29.71
Material accounting policies	41		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number: 100515W

RAHUL KIRLOSKAR
Chairman (Non-Executive Director)
DIN: 00007319

GAURI KIRLOSKAR
Vice Chairperson and Managing Director
DIN: 03366274

ANAGHA M. NANIVADEKAR
Partner
Membership Number: 121007
Pune: 14 May 2026

RAHUL SAHAI
Chief Executive Officer

SACHIN KEJRIWAL
Chief Financial Officer
ACA: 66309

FARAH IRANI
Company Secretary
ACS: 21182
Pune: 14 May 2026

Statement of Cash Flow

for the year ended 31 March 2026

₹ in Crores		
Particulars	2025-26	2024-25
Cash flow from operating activities		
Profit before tax from continuing operations	593.91	523.66
Profit before tax from discontinued operations	26.09	56.28
Adjustments:		
Add:		
Depreciation and amortisation expenses	144.95	117.00
Finance costs	11.29	11.44
Share based compensation of employees	6.60	8.22
Impairment loss allowance, write off on trade receivables / other receivables (net)	2.25	(34.99)
Bad debts and irrecoverable balances written off	0.35	0.16
Gain/ (Loss) on fair valuation of derivative instruments	13.17	(1.74)
Write down / (reversal) in write down of inventories and others	12.61	25.92
	191.22	126.01
Less:		
Gain on sale of aircraft (Refer Note 39)	-	20.90
Gain/(Loss) on sale of investments in mutual funds measured at FVTPL (net)	13.63	19.30
Gain/ (Loss) on fair valuation of investments in Mutual Funds measured at FVTPL (net)	2.53	4.96
(Gain)/Loss on reinstatement on receivables/payables	9.45	(1.38)
Provisions no longer required written back	2.59	0.90
Sundry credit balances written back	0.79	0.62
Interest income	22.89	8.77
Unwinding of subsidy receivable under Package Scheme of Incentives (PSI), 2001 and security deposit	0.71	0.47
Gain/ (Loss) on disposal of property, plant and equipment (net)	1.52	2.26
Dividend income	0.00	0.00
Gain on derecognition of leased premises accounted as per Ind AS 116	0.21	-
Gain on sale of investment measured at FVOCI	0.00	-
	54.32	56.80
Operating profit before working capital changes	756.90	649.15
Working capital adjustments		
(Increase)/Decrease in government grant receivables	1.02	7.14
(Increase)/Decrease in trade and other receivables	(205.04)	19.79
(Increase)/Decrease in inventories	(164.31)	6.87
Increase/(Decrease) in trade and other payables	232.24	(78.68)
Increase/(Decrease) in provisions	43.85	17.85
	(92.24)	(27.03)
Net cash generated from operations	664.66	622.12
Income tax paid (net of refunds)	(153.53)	(133.05)
Net cash flow generated from operating activities (A)	511.13	489.07
Cash flow from investing activities		
Investment in subsidiaries	(18.93)	(20.88)
Purchase of property, plant and equipment (PPE) and intangible assets	(317.37)	(244.47)
(Purchase)/ Proceeds from sale of mutual funds (net)	184.94	133.87
Proceeds from Redemption of Preference shares of subsidiary	8.50	-

Statement of Cash Flow

for the year ended 31 March 2026

₹ in Crores		
Particulars	2025-26	2024-25
Proceeds from sale of PPE and other intangible assets including advances	1.92	25.10
Redemption from / (Investment in) fixed deposits with banks	(199.72)	(225.76)
Loans (granted to)/ repaid by subsidiaries and employees	(0.06)	10.75
Dividend received	0.00	0.00
Interest received	19.76	7.93
Sale of investment measured at FVOCI	0.00	-
Net cash (used in) investing activities (B)	(320.96)	(313.46)
Cash flow from financing activities		
Proceeds from bill discounting and borrowings	144.85	137.29
(Repayment) of bill discounting and borrowings	(139.85)	(198.92)
Proceeds from long term borrowings	-	11.91
(Repayment) of long term borrowings	(30.00)	(30.00)
Final and interim dividend paid	(94.44)	(87.07)
Finance costs	(8.57)	(14.05)
Payment of lease liabilities including initial cost	(19.59)	(13.84)
Proceeds from issuance of share capital including securities premium	4.28	2.35
Receipt of share application money pending allotment of shares	0.32	0.33
Net cash generated from/(used in) financing activities(C)	(143.00)	(192.00)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	47.17	(16.39)
Opening cash and cash equivalents	73.18	89.57
Closing cash and cash equivalents (Refer Note 11a)	120.35	73.18

Notes

- The above cash flow statement have been prepared under the indirect method as set out in the Indian accounting standard (Ind AS) 7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Income tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- The above cash flow statement includes cash flow from discontinued operations. Refer Note 39A.
- All figures in bracket indicate cash outflow.

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**
Chartered Accountants

RAHUL KIRLOSKAR
Chairman (Non-Executive Director)

GAURI KIRLOSKAR
Vice Chairperson and
Managing Director
DIN: 03366274

Firm Registration Number: 100515W

DIN: 00007319

ANAGHA M. NANIVADEKAR
Partner
Membership Number: 121007
Pune: 14 May 2026

RAHUL SAHAI
Chief Executive Officer

SACHIN KEJRIWAL
Chief Financial Officer
ACA: 66309

FARAH IRANI
Company Secretary
ACS: 21182
Pune: 14 May 2026

Statement of Changes in Equity

for the year ended 31 March 2026

A. Equity share capital (Refer Note 16)

Equity shares of ₹ 2 each issued, subscribed and fully paid				₹ in Crores
Particulars	Share application money pending allotment	Capital redemption reserve	Reserves and Surplus	Items of OCI
As at 1 April 2024	0.41	0.20	608.71	1,973.63
Changes due to prior period errors	-	-	-	-
Restated balance as at 1 April 2024	0.41	0.20	608.71	1,973.63
Issue/(Reduction), if any during the year	-	-	-	-
As at 31 March 2025	-	-	-	-
Changes due to prior period errors	-	-	-	-
Restated balance as at 1 April 2025	-	-	-	-
Issue/(Reduction), if any during the year	-	-	-	-
As at 31 March 2026	-	-	-	-

B. Other equity (Refer Note 17)

Particulars	Share application money pending allotment	Capital redemption reserve	Reserves and Surplus	Items of OCI	Total
As at 1 April 2024	0.41	0.20	608.71	1,973.63	2,593.70
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance as at 1 April 2024	0.41	0.20	608.71	1,973.63	2,593.70
Profit for the year	-	-	431.93	-	431.93
Other comprehensive income/(loss) for the year (net of tax)	-	-	-	(0.12)	(0.12)
Total comprehensive income/(loss) for the year	-	-	431.93	(0.12)	431.59
Shares issued during the year	(0.06)	-	-	-	-
Transferred to securities premium	(2.72)	-	4.96	-	-
Share based payment expense	-	-	-	-	-
Transfer on account of employee stock options not exercised	-	-	0.19	-	-
ESOP charge recovered from the subsidiary company	-	-	-	-	-
Final dividend for year ended 31 March 2024	-	-	-	-	-
Interim dividend for year ended 31 March 2025	-	-	-	-	-
Amount received on exercise of employee stock option	2.69	-	-	-	2.69
As at 31 March 2025	0.33	0.20	608.90	2,315.54	2,946.59

Statement of Changes in Equity

for the year ended 31 March 2026

B. Other equity (Refer Note 17) (Contd..)

Particulars	Share application money pending allotment	Capital redemption reserve	Reserves and Surplus	Items of OCI	Total
As at 1 April 2025	0.33	0.20	608.90	2,315.54	2,946.59
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance as at 1 April 2025	0.33	0.20	608.90	2,315.54	2,946.59
Profit for the year	-	-	461.02	-	461.02
Other comprehensive income/(loss) for the year (net of tax)	-	-	-	1.18	1.17
Total comprehensive income/(loss) for the year	-	-	461.02	1.18	462.20
Shares issued during the year	(0.03)	-	-	-	-
Transferred to securities premium	(4.58)	-	-	-	-
Share based payment expense	-	-	-	-	-
Premium on issue of shares under ESOP scheme	-	-	-	-	-
Effect of options vested lapsed after vesting	-	-	-	-	-
ESOP charge recovered from the subsidiary company	-	-	-	-	-
Transfer on account of employee stock options not exercised	-	-	0.64	-	-
Final dividend for year ended 31 March 2025	-	-	-	-	-
Interim dividend for year ended 31 March 2026	-	-	-	-	-
Realised gain on transfer of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-
Amount received on exercise of employee stock option	4.60	-	-	-	4.60
As at 31 March 2026	0.32	0.20	609.54	2,683.31	3,325.43

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date For and on behalf of the Board of Directors

For G. D. APTE & CO.
Chartered Accountants
Firm Registration Number: 100515W

ANAGHA M. NANIVADEKAR
Partner
Membership Number: 121007
Pune: 14 May 2026

RAHUL KIRLOSekar
Chairman (Non-Executive Director)
DIN: 00007319

RAHUL SAHAI
Chief Executive Officer

SACHIN KEJRIWAL
Chief Financial Officer
ACA: 66309

GAURI KIRLOSekar
Vice Chairperson and Managing Director
DIN: 03366274

FARAH IRANI
Company Secretary
ACS: 21182
Pune: 14 May 2026

Notes forming part of the Standalone Financial Statements

for the year ended 31 March 2026

Note 1a: Property, plant and equipment and Capital work-in-progress

Particulars	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Aircraft	Office Equipment	Computers	Electrical Installation	Total	Capital work-in-progress
₹ in Crores										
Gross block										
As at 1 April 2024	204.16	1,225.49	27.81	12.67	27.45	5.32	75.60	40.96	1,619.46	202.28
Additions	174.55	93.38	7.90	1.23	-	3.09	20.68	3.81	304.64	171.70
Deductions	(0.30)	(27.57)	(0.24)	(0.56)	(27.45)	(0.22)	(20.89)	(0.19)	(77.42)	(304.64)
As at 31 March 2025	378.41	1,291.30	35.47	13.34	-	8.19	75.39	44.58	1,846.68	69.34
Additions	13.68	208.31	3.88	0.60	-	1.42	20.30	3.09	251.28	239.75
Transferred under slump sale	(0.24)	(24.11)	(0.84)	(0.03)	-	(0.08)	(0.87)	(1.09)	(27.26)	(0.03)
Deductions	(0.43)	(21.23)	(1.21)	(1.29)	-	(1.53)	(11.75)	(0.43)	(37.87)	(251.28)
As at 31 March 2026	391.42	1,454.27	37.30	12.62	-	8.00	83.07	46.15	2,032.83	57.78
Accumulated depreciation										
As at 1 April 2024	88.33	973.71	24.14	7.94	25.44	4.56	63.73	36.36	1,224.21	-
For the year	8.33	55.85	1.96	1.46	0.93	0.41	5.45	1.03	75.42	-
Deductions	(0.06)	(26.98)	(0.24)	(0.56)	(26.37)	(0.22)	(20.86)	(0.19)	(75.48)	-
As at 31 March 2025	96.60	1,002.58	25.86	8.84	-	4.75	48.32	37.20	1,224.15	-
For the year	10.93	63.11	2.26	1.47	-	0.80	10.30	1.29	90.16	-
Transferred under slump sale	(0.13)	(22.76)	(0.74)	(0.03)	-	(0.06)	(0.27)	(1.09)	(25.08)	-
Deductions	(0.40)	(21.08)	(1.19)	(1.13)	-	(1.53)	(11.74)	(0.43)	(37.50)	-
As at 31 March 2026	107.00	1,021.85	26.19	9.15	-	3.96	46.61	36.97	1,251.73	-
Net block										
As at 31 March 2025	281.81	288.72	9.61	4.50	-	3.44	27.07	7.38	622.53	69.34
As at 31 March 2026	284.42	432.42	11.11	3.47	-	4.04	36.46	9.18	781.10	57.78

Notes:

- For depreciation, refer Note 41.4.3 for accounting policy.
- Capital work-in-progress comprises cost of assets that are not yet ready for their intended use at the Balance sheet date. Refer below Note 7 and Note 8 for CWIP ageing schedule and CWIP completion schedule.
- Title deeds in respect of immovable properties are in the name of the Company and are not held jointly.
- There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988.
- Borrowing cost of ₹ Nil (31 March 2025: ₹ 4.85 Crores) capitalised as per Ind AS 23 "Borrowings Cost" on qualifying asset.
- Depreciation on assets transferred under slump sale is ₹ 0.34 Crores (31 March 2025: ₹ 0.56 Crores)
- Note 1a of Property, plant and equipment includes assets at Research and Development facility, the details of which are as under:

Notes forming part of the Standalone Financial Statements

Note 1a: Property, plant and equipment and Capital work-in-progress (Contd..)

8. Note 1a of Property, plant and equipment includes assets at Research and Development facility, the details of which are as under:

Property, plant and equipment: Research and Development facility (Below figures are included in Note 1a: Property, plant and equipment and Capital work-in-progress)

₹ in Crores							
Particulars	Buildings	Plant & Equipment	Furniture & Fixture	Office Equipment	Computers	Electrical Installation	Total
Gross block							
As at 1 April 2024	-	121.05	4.89	0.05	3.01	3.73	132.73
Additions	0.42	14.73	-	0.04	2.39	0.09	17.67
Inter transfers - net	-	(0.09)	-	-	(0.15)	(0.09)	(0.33)
Deductions	-	-	-	(0.01)	(0.17)	-	(0.18)
As at 31 March 2025	0.42	135.69	4.89	0.08	5.08	3.73	149.89
Additions	-	27.89	-	0.10	0.06	0.03	28.08
Inter transfers - net	-	-	(0.73)	-	(0.02)	-	(0.75)
Deductions	-	(0.02)	-	(0.02)	(0.17)	-	(0.21)
As at 31 March 2026	0.42	163.56	4.16	0.16	4.95	3.76	177.01
Accumulated depreciation							
As at 1 April 2024	-	81.14	4.33	0.05	1.79	3.07	90.38
For the year	-	7.58	0.28	-	0.57	0.17	8.60
Inter transfers - net	-	(0.09)	-	-	(0.15)	(0.01)	(0.25)
Deductions	-	-	-	(0.01)	(0.17)	-	(0.18)
As at 31 March 2025	-	88.63	4.61	0.04	2.04	3.23	98.55
For the year	0.01	8.78	0.24	0.01	0.89	0.18	10.11
Inter transfers - net	-	-	(0.71)	-	(0.01)	-	(0.72)
Deductions	-	(0.02)	-	(0.02)	(0.17)	-	(0.21)
As at 31 March 2026	0.01	97.39	4.14	0.03	2.75	3.41	107.73
Net block							
As at 31 March 2025	0.42	47.06	0.28	0.04	3.04	0.50	51.34
As at 31 March 2026	0.41	66.17	0.02	0.13	2.20	0.35	69.28

9. Capital work-in-progress ageing schedule for the year ended 31 March 2026 and 31 March 2025 is as follows:

As at 31 March 2026

₹ in Crores					
Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	51.69	5.18	0.71	0.20	57.78
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2025

₹ in Crores					
Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	66.98	2.10	0.23	0.03	69.34
Projects temporarily suspended	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

Note 1a: Property, plant and equipment and Capital work-in-progress (Contd..)

10. Capital work-in-progress: Expected completion schedule for projects having time overrun:

As at 31 March 2026

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 4	1.29	-	-	-	1.29

As at 31 March 2025

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 3	-	-	-	-	-

Note 1b: Right-of-use ("ROU") assets

₹ in Crores

Particulars	Category of Right-of-use assets			Total
	Land	Building	Furniture & Fixtures	
Balance as on 1 April 2024	10.54	2.32	-	12.86
Addition	-	54.90	0.89	55.79
Deletion	-	-	-	-
Amortisation	0.14	12.20	0.31	12.65
Balance as at 31 March 2025	10.40	45.02	0.58	56.00
Addition	-	5.43	-	5.43
Deduction	-	7.05	-	7.05
Amortisation	0.14	17.89	0.31	18.34
Balance as at 31 March 2026	10.26	25.51	0.27	36.04

- The aggregate amortisation expense on right-of-use (ROU) assets is included under depreciation and amortisation expense in the Statement of Profit and Loss (Refer Note 37).

Notes forming part of the Standalone Financial Statements

Note 2: Other intangible assets and Intangible assets under development

₹ in Crores

Particulars	Computer Software	Drawings & Designs	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total	Intangibles assets under development
Gross block						
As at 1 April 2024	75.63	12.54	34.40	138.13	260.70	40.29
Additions	8.44	-	30.53	40.08	79.05	65.15
Deductions	-	-	-	-	-	(79.04)
As at 31 March 2025	84.07	12.54	64.93	178.21	339.75	26.40
Additions	9.44	9.79	-	0.86	20.09	80.32
Inter transfers	0.07	(0.07)	-	-	-	-
Transferred under slump sale	(0.42)	-	(0.81)	(1.20)	(2.43)	-
Deductions	(0.07)	-	-	-	(0.07)	(20.09)
As at 31 March 2026	93.09	22.26	64.12	177.87	357.34	86.63
Accumulated amortisation						
As at 1 April 2024	51.12	11.65	16.39	98.81	177.97	-
For the year	7.43	0.16	6.53	14.81	28.93	-
Deductions	-	-	-	-	-	-
As at 31 March 2025	58.55	11.81	22.92	113.62	206.90	-
For the year	8.34	0.26	10.28	17.57	36.45	-
Transferred under slump sale	(0.36)	-	(0.81)	(1.20)	(2.37)	-
Deductions	(0.05)	-	-	-	(0.05)	-
As at 31 March 2026	66.48	12.07	32.39	129.99	240.93	-
Net block						
As at 31 March 2025	25.52	0.73	42.01	64.59	132.85	26.40
As at 31 March 2026	26.61	10.19	31.73	47.88	116.41	86.63

Notes:

- For amortisation, refer Note 41.4.4 for accounting policy.
- Intangible assets under development comprise of intangible assets not ready for the intended use on the date of Balance Sheet. Refer below Note 5 and Note 6 for ageing and completion schedule.

Notes forming part of the Standalone Financial Statements

Note 2: Other intangible assets and Intangible assets under development (Contd..)

3. Note 2 of Other intangible assets includes assets at Research and Development facility, the details of which are as under:

Other intangible assets: Research and Development facility (Below figures are included in Note 2: Other intangible assets and Intangible assets under development)

₹ in Crores

Particulars	Computer Software	Drawings & Designs	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total
Gross block					
As at 1 April 2024	41.44	11.39	32.16	137.77	222.76
Additions	6.79	-	25.70	40.07	72.56
Deductions	-	-	-	-	-
As at 31 March 2025	48.23	11.39	57.86	177.84	295.32
Additions	2.07	9.72	-	-	11.79
Deductions	-	-	-	-	-
As at 31 March 2026	50.30	21.11	57.86	177.84	307.11
Accumulated amortisation					
As at 1 April 2024	19.69	10.90	14.15	98.67	143.41
For the year	5.81	0.07	6.26	14.75	26.89
Deductions	-	-	-	-	-
As at 31 March 2025	25.50	10.97	20.41	113.42	170.30
For the year	6.80	0.17	9.47	17.28	33.72
Deductions	-	-	-	-	-
As at 31 March 2026	32.30	11.14	29.88	130.70	204.02
Net block					
As at 31 March 2025	22.73	0.42	37.45	64.42	125.02
As at 31 March 2026	18.00	9.97	27.98	47.14	103.09

4. Intangible assets under development ageing schedule for the year ended 31 March 2026 and 31 March 2025 is as follows:

As at 31 March 2026

₹ in Crores

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	61.83	9.06	15.74	-	86.63
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2025

₹ in Crores

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	18.03	3.74	4.63	-	26.40
Projects temporarily suspended	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

Note 2: Other intangible assets and Intangible assets under development (Contd..)

5. Intangible assets under development: Expected completion schedule for projects having time overrun:

As at 31 March 2026

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 4	4.09	-	-	-	4.09

As at 31 March 2025

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 3	12.65	-	-	-	12.65

Note 3: Investments (Non-current)

Particulars	Par Value / Face Value Per Unit	As at 31 March 2026		As at 31 March 2025	
		Numbers	₹ in Crores	Numbers	₹ in Crores
(i) At cost					
Investment in wholly owned subsidiaries					
In unquoted equity instruments (fully paid up)					
Kirloskar Americas Corporation	0.001 \$	50	1.59	50	1.59
Arka Financial Holdings Private Limited	10 ₹	1,05,26,52,962	1,052.65	1,05,26,52,962	1,052.65
KOEL Fluid Dynamics Private Limited (formerly known La-Gajjar Machineries Private Limited)	10 ₹	21,41,150	382.02	10,76,000	363.14
Kirloskar International ME FZE	AED 1,000	500	1.17	-	-
In unquoted preference shares (fully paid up)					
6% Optionally convertible redeemable non-cumulative preference shares (OCRNPS) in Kirloskar Americas Corporation	10 \$	7,00,000	59.49	5,00,000	41.73
(ii) At amortised cost					
Investment in subsidiary - others					
In unquoted preference shares (fully paid up)					
8.25% cumulative redeemable preference shares in KOEL Fluid Dynamics Private Limited (formerly known La-Gajjar Machineries Private Limited)	10 ₹	4,00,00,000	40.00	4,00,00,000	40.00
(iii) At fair value through other comprehensive income (FVOCI)					
In unquoted equity instruments (fully paid up)					
Kirloskar Proprietary Limited	100 ₹	7	0.01	11	0.00
S.L.Kirloskar CSR Foundation	10 ₹	9,800	0.01	9,800	0.01
Kirloskar Management Services Private Limited	10 ₹	4,87,500	0.90	4,87,500	0.93

Notes forming part of the Standalone Financial Statements

Note 3: Investments (Non-current) (Contd..)

Particulars	Par Value / Face Value Per Unit	As at 31 March 2026		As at 31 March 2025	
		Numbers	₹ in Crores	Numbers	₹ in Crores
(iv) At fair value through profit or loss (FVTPL)					
In unquoted preference shares (fully paid up)					
1% Non-cumulative redeemable preference shares in Kirloskar Proprietary Limited	100 ₹	1	0.00	1	0.00
Total			1,537.85		1,500.05

Notes:

- | | | |
|---|--------------------|--------------------|
| | ₹ in Crores | ₹ in Crores |
| 1. Aggregate amount of unquoted investments | 1,537.85 | 1,500.05 |
| 2. Aggregate value of impairment in value of investments | Nil | Nil |
| 3. Pursuant to Business Transfer Agreement (BTA) with KOEL Fluid Dynamics Private Limited (“KFD”), wholly-owned subsidiary of the Company for sale / transfer of its B2C business as a going concern on slump exchange basis, effective 11 October 2025, for a lump sum consideration of ₹ 18.88 Crores, KFD allotted 10,65,150 equity shares of ₹ 10 each fully paid. Refer Note 39A for further details. | | |
| 4. The Company has incorporated Kirloskar International ME FZE as a wholly owned subsidiary company w.e.f. 7 January 2025 in Jebel Ali Free Zone, United Arab Emirates (UAE). The Board of Directors of the Company had decided to keep the initial investment upto ₹ 1.50 Crores. Accordingly, during the year, the Company has invested ₹ 1.17 Crores towards initial subscription of equity share capital of Kirloskar International ME FZE. | | |
| 5. During the year, the Company has further invested \$ 2,000,000 in 2,00,000 6% optionally convertible redeemable non-cumulative preference shares (OCRNPS) at \$ 10 per share in Kirloskar Americas Corporation. | | |
| 6. Refer Note 41.5.15 on risk management objectives and policies for financial instruments. | | |

Note 4: Loans (Non-current)

Particulars	₹ in Crores	
	As at 31 March 2026	As at 31 March 2025
Loans to employees (unsecured, considered good)	0.04	0.01
Total	0.04	0.01

- Loans are measured at amortised cost.
- There are no loans or advances which are in the nature of loans that have been granted by the Company to promoters, directors, Key Managerial Personnels and the related parties (as defined under the Companies Act,2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.

Notes forming part of the Standalone Financial Statements

Note 5: Other financial assets (Non-current)

Particulars	₹ in Crores	
	As at 31 March 2026	As at 31 March 2025
Security deposits		
Unsecured, considered good	21.18	22.36
Doubtful	0.11	0.61
Less: Loss allowance for doubtful deposits	(0.11)	(0.61)
Bank deposits with more than 12 months maturity	0.19	0.19
Subsidy receivable under PSI scheme, 2001	2.99	2.79
Others	0.08	0.11
Total	24.44	25.45

- The Company’s manufacturing facility at Kagal plant had been granted Mega Project status by Government of Maharashtra and hence was eligible for Industries Promotion Subsidy (IPS) under Package Scheme of Incentive (PSI) 2001. This scheme was for intensifying and accelerating the process of dispersal of industries to the less developed regions and promoting high-tech industries in the less developed areas of the state coupled with the object of generating employment opportunities. During the last quarter of FY 2018-19, the Government of Maharashtra had agreed for extension of the said scheme of incentive for further period of 2 years till 31 March 2019 and subsequently amended the original eligibility certificate. Accordingly the extension of the scheme consists of total period of 11 years from the date of commencement of commercial production i.e. from 1 April 2008 to 31 March 2019 along with the extension of original operative period by 2 years and compliances thereof. The eligible subsidy receivables computed on the basis of VAT, CST as well as SGST paid on sales made from Kagal plant for such extended period are fair valued as on 31 March 2026.
- Other financial assets are measured at amortised cost.
- Bank deposits includes deposit held as security against the guarantees and other commitments.
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.

Note 6: Income tax assets (net)

Particulars	₹ in Crores	
	As at 31 March 2026	As at 31 March 2025
Tax paid in advance (net of provision)	35.37	23.02
Total	35.37	23.02

Note 7: Other non-current assets

Particulars	₹ in Crores	
	As at 31 March 2026	As at 31 March 2025
Unsecured, considered good		
Capital advances	15.83	19.34
Prepaid expenses	1.98	2.01
Other advances to suppliers	-	0.35
Total	17.81	21.70

Notes forming part of the Standalone Financial Statements

Note 8: Inventories

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Raw materials		
Raw materials and components	444.98	357.86
Raw materials-in-transit	21.42	0.31
Work-in-progress	41.67	32.37
Finished goods	55.59	50.53
Traded goods	21.43	37.96
Stores and spares	18.32	14.09
Total	603.41	493.12

- Write down of inventories to net realisable value **₹ 10.21 Crores (31 March 2025: ₹ 23.52 Crores)** were recognised as an expense during the year.
- Refer Note 24 for information on inventory hypothecation with bankers for the purpose of working capital facilities.
- Refer Note 41.4.11 on inventories.

Note 9: Investments (Current)

Particulars	Face Value Per Unit	As at 31 March 2026		As at 31 March 2025	
	In ₹	Numbers	₹ in Crores	Numbers	₹ in Crores
(i) At fair value through Profit or Loss (FVTPL)					
Investments In Mutual Funds - Unquoted					
Liquid Scheme - Growth Option					
Nippon India Liquid Fund - Growth Plan - Growth Option	1,000	60,201	40.05	6,616	4.15
Aditya Birla Sun Life Liquid Fund - Growth -Regular Plan	100	6,83,339	30.02	5,57,125	23.06
Aditya Birla Sun Life Money Manger Fund - Growth - Regular Plan	100	5,35,056	20.69	5,35,056	19.43
Nippon India Money Market Fund - Growth Plan Growth Option	1,000	44,230	19.19	44,230	18.01
Axis Liquid Fund - Regular Growth	1,000	-	-	87,603	25.04
Axis Money Market Fund - Regular Growth	1,000	-	-	44,363	6.22
DSP Liquidity Fund - Regular Plan - Growth	1,000	-	-	82,092	30.11
HDFC Liquid fund - Regular Plan - Growth	1,000	-	-	51,678	26.05
HDFC Money Market fund - Regular Plan - Growth	1,000	-	-	10,032	5.63
ICICI Prudential Liquid fund - Growth	100	-	-	3,46,671	13.17
Invesco India Liquid Fund - Regular Growth	1,000	-	-	71,743	25.33
Kotak Liquid Fund Regular Plan - Growth	1,000	-	-	52,231	27.12
SBI Liquid Fund Regular Growth	1,000	-	-	55,024	22.10
Tata Liquid Fund Regular Plan - Growth	1,000	-	-	49,841	20.16
Tata Money Market Fund Regular Plan - Growth	1,000	-	-	12,523	5.80
UTI Money Market Fund - Regular Plan Growth	1,000	-	-	20,526	6.21
UTI Liquid Fund (formerly UTI Liquid Cash Plan) - Regular Plan - Growth	1,000	-	-	2,708	1.14
			109.95		278.73

Notes forming part of the Standalone Financial Statements

Note 9: Investments (Current) (Contd..)

Particulars	Face Value Per Unit	As at 31 March 2026		As at 31 March 2025	
	In ₹	Numbers	₹ in Crores	Numbers	₹ in Crores
(ii) At amortised cost					
Investment in subsidiary - Others					
In unquoted preference shares (fully paid up)					
8% cumulative redeemable preference shares in KOEL Fluid Dyanamics (earlier known as La-Gajjar Machineries Private Limited)	10	-	-	85,00,000	8.50
Total			109.95		287.23

- Notes:**
- ₹ in Crores
- ₹ in Crores
- Aggregate amount of unquoted investments **109.95** **287.23**
 - Face value per unit is in Indian Rupees (INR) unless otherwise stated.
 - Fair value disclosures for financial assets and liabilities are stated in Note 41.5.13 and fair value hierarchy disclosures for investment are stated in Note 41.5.14.
 - Refer Note 41.5.15 on risk management objectives and policies for financial instruments.

Note 10: Trade receivables

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Unsecured, considered good	809.64	677.41
Loss allowance (for expected credit loss under simplified approach)	(27.13)	(26.34)
Total	782.51	651.07

- Trade receivables are measured at amortised cost. Also refer Note 41.4.7 for accounting policy.
- Trade receivables due from private companies in which director of the Company, is a director or a member as at 31 March 2026 **₹ Nil (31 March 2025: ₹ Nil)**
- For related party receivables, refer Note 41.5.11

Notes forming part of the Standalone Financial Statements

Note 10: Trade receivables (Contd..)

4. Movement of Loss allowance (for expected credit loss under simplified approach):

Particulars	₹ in Crores
As at 1 April 2024	61.72
Allowance made/(reversed) during the year	(35.24)
Less: Written off	(0.14)
As at 31 March 2025	26.34
Allowance made/(reversed) during the year	2.95
Less: Written off	(0.33)
Less: Transferred under slump sale	(1.83)
As at 31 March 2026	27.13

5. Refer Note 41.5.15 on credit risk of trade receivables, which also explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.
6. For trade receivables outstanding, the ageing schedule is as given below:

As at 31 March 2026

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - considered good	585.33	181.46	17.81	5.42	3.34	5.21	798.57
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) *Disputed Trade Receivables- considered good	-	-	-	-	-	11.07	11.07
(v) *Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) *Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total Trade Receivables	585.33	181.46	17.81	5.42	3.34	16.28	809.64
Less: Loss allowance for expected credit loss							(27.13)
Total Trade Receivables (net)							782.51

* Disputed Trade Receivables represents legal cases with customers

Notes forming part of the Standalone Financial Statements

Note 10: Trade receivables (Contd..)

As at 31 March 2025

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - considered good	496.49	148.30	10.04	6.81	1.96	4.73	668.33
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) *Disputed Trade Receivables- considered good	-	-	-	-	-	9.08	9.08
(v) *Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) *Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total Trade Receivables	496.49	148.30	10.04	6.81	1.96	13.81	677.41
Less: Loss allowance for expected credit loss							(26.34)
Total Trade Receivables (net)							651.07

* Disputed Trade Receivables represents legal cases with customers

Note 11a: Cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with Banks		
Current accounts and debit balance in cash credit accounts	95.34	48.17
Bank deposits with original maturity of less than 3 months	25.00	25.00
Cash on hand	0.01	0.01
Total	120.35	73.18

Note 11b: Bank balances other than Cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Unpaid dividend accounts	6.52	7.03
Bank deposits with original maturity of more than 3 months but less than 12 months	425.69	225.97
Total	432.21	233.00

1. Balances in unpaid dividend accounts with banks are earmarked.
2. Bank deposits includes deposit held as security against the guarantees and other commitments of ₹ 0.18 Crores (31 March 2025: ₹ 0.21 Crores).
3. Refer Note 41.5.15 on risk management objectives and policies for financial instruments.

Notes forming part of the Standalone Financial Statements

Note 12: Loans (Current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Loans to employees (unsecured, considered good)	0.04	0.02
Total	0.04	0.02

- Loans are measured at amortised cost.
- There are no loans or advances which are in the nature of loans that have been granted by the Company to promoters, directors, Key Managerial Personnels and the related parties (as defined under the Companies Act,2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.

Note 13: Other financial assets (Current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Security deposits		
Unsecured, considered good	3.51	2.64
Doubtful	0.57	0.91
Less: Loss Allowance for doubtful deposits	(0.57)	(0.91)
Subsidy receivable under PSI scheme, 2001	0.68	1.75
Export incentive receivable	2.45	3.75
Derivative assets	-	1.76
Other receivables	17.15	10.17
Total	23.79	20.07

- Other financial assets, except derivative assets, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.
- Derivative assets reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
- Other receivables due from private companies in which director of the Company is, a director or a member as at 31 March 2026 **₹ 6.55 Crores (31 March 2025: ₹ 6.28 Crores)**.
- Refer Note 41.5.13 for fair value disclosure of financial assets and financial liabilities and Note 41.5.14 for fair value hierarchy.
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.
- Also refer Note 5 for additional details on Subsidy receivable under PSI scheme, 2001.

Notes forming part of the Standalone Financial Statements

Note 14: Assets held for sale (Current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Property, plant and equipment (net)	-	-
Total	-	-

- Asset held for sale represents a freehold land owned by the Company at Bhare (granted by Government of Maharashtra) where the Company has initiated the process to surrender the same back. The carrying value of ₹ 0.11 Lakhs has been fully impaired during the earlier years.
- Fair value hierarchy disclosures for Assets held for sale are in Note 41.5.14.

Note 15: Other current assets

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Advance to suppliers		
Unsecured, considered good	34.73	51.54
Doubtful	0.65	0.82
Less: Loss Allowance for doubtful advances	(0.65)	(0.82)
Sales tax / Value added tax / Goods and Services tax receivable	11.76	8.76
Prepaid expenses	20.95	10.94
Others	3.94	1.22
Total	71.38	72.46

Note 16: Equity share capital

Authorised share capital

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2024	27,00,00,000	54.00
Increase/(decrease) during the year	-	-
As at 31 March 2025	27,00,00,000	54.00
Increase/(decrease) during the year	-	-
As at 31 March 2026	27,00,00,000	54.00

Notes forming part of the Standalone Financial Statements

Note 16: Equity share capital (Contd..)

Terms/Rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 2 each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity shares reserved for issue under employee stock option plan: **4,43,901 (31 March 2025: 7,57,803)** equity shares.

Issued and subscribed share capital

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2024	14,49,56,271	28.99
Changes during the year	2,23,418	0.05
As at 31 March 2025	14,51,79,689	29.04
Changes during the year	1,79,985	0.03
As at 31 March 2026	14,53,59,674	29.07

Subscribed and fully paid up

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2024	14,49,55,806	28.99
Changes during the year	2,23,418	0.05
As at 31 March 2025	14,51,79,224	29.04
Changes during the year	1,79,985	0.03
As at 31 March 2026	14,53,59,209	29.07

The Company has share suspense account which represents equity shares of ₹ 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation according to scheme sanctioned by Board of Industrial and Financial Reconstruction (BIFR) which are kept in abeyance as per the Scheme of Arrangement approved by Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with order dated 19 March 2010.

Particulars of Share suspense account	No. of shares	₹ in Crores
As at 1 April 2024	465	0.00
Changes during the year	-	-
As at 31 March 2025	465	0.00
Changes during the year	-	-
As at 31 March 2026	465	0.00

Notes forming part of the Standalone Financial Statements

Note 16: Equity share capital (Contd..)

1. Number of shares held by each shareholder holding more than 5% shares in the Company

Name of the Shareholder	As at 31 March 2026		As at 31 March 2025	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Rahul Chandrakant Kirloskar [#]	1,77,86,902	12.24	1,77,86,902	12.25
Atul Chandrakant Kirloskar ^{##}	1,46,74,947	10.10	1,46,74,947	10.11
Kirloskar Industries Limited	82,10,439	5.65	82,10,439	5.66
Alpana Rahul Kirloskar	77,89,634	5.36	77,89,634	5.37

[#] Out of 1,77,86,902 equity shares - **1,77,72,083 (31 March 2025: 1,77,72,083)** equity shares are held in individual capacity, **5,700 (31 March 2025: 5,700)** equity shares are held as a Karta of Rahul C. Kirloskar HUF and **9,119 (31 March 2025: 9,119)** equity shares are held as a Trustee of C. S. Kirloskar Testamentary Trust.

^{##} Out of 1,46,74,947 equity shares - **1,46,68,872 (31 March 2025: 1,46,68,872)** equity shares are held in individual capacity, **375 (31 March 2025: 375)** equity shares are held as a Trustee of C.S. Kirloskar Testamentary Trust and **5,700 (31 March 2025: 5,700)** equity shares are held as a Karta of Atul C. Kirloskar HUF.

2. The details of shareholding of promoter and promoter group is as below:

Name	As at 31 March 2026			As at 31 March 2025		
	No. of shares held	% Change during the year	% of total shares	No. of shares held	% Change during the year	% of total shares
Rahul Chandrakant Kirloskar	1,77,86,902	-	12.24	1,77,86,902	-	12.25
Atul Chandrakant Kirloskar	1,46,74,947	-	10.10	1,46,74,947	-	10.11
Kirloskar Industries Limited	82,10,439	-	5.65	82,10,439	-	5.66
Alpana Rahul Kirloskar	77,89,634	-	5.36	77,89,634	-	5.37
Gauri Kirloskar	57,53,580	-	3.96	57,53,580	-	3.96
Arti Atul Kirloskar	32,29,454	-	2.22	32,29,454	-	2.22
Aditi Atul Kirloskar	19,17,860	-	1.32	19,17,860	-	1.32
Navsai Investments Private Limited	91,798	-	0.06	91,798	-	0.06
Roopa Jayant Gupta	90,812	-	0.06	90,812	-	0.06
Kirloskar Chillers Private Limited	50,000	-	0.03	50,000	-	0.03
Sanjay Chandrakant Kirloskar	46,654	-	0.03	46,654	-	0.03
Suman Chandrakant Kirloskar	41,221	-	0.03	41,221	-	0.03
Geetanjali Vikram Kirloskar	-	(100)	-	31,875	-	0.02
Alpak Investments Private Limited	13,980	-	0.01	13,980	-	0.01
Alok Kirloskar	6,262	-	0.00	6,262	-	0.00
Kirloskar Systems Private Limited	-	(100)	-	2,070	100	0.00
Pratima Sanjay Kirloskar	1,520	-	0.00	1,520	-	0.00
Aman Rahul Kirloskar	200	-	0.00	200	100	0.00
Akshay Sahni	100	-	0.00	100	-	0.00
Total	5,97,05,363		41.07	5,97,39,308		41.15

Notes forming part of the Standalone Financial Statements

Note 17: Other Equity

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Share application money pending allotment	0.32	0.33
Capital redemption reserve	0.20	0.20
Securities premium	19.27	10.97
General reserve	609.54	608.90
Equity instruments through other comprehensive income	0.36	0.37
Employee stock option reserve	12.43	10.28
Retained earnings		
Opening balance	2,315.54	1,973.63
Add: Profit for the year	461.02	431.93
Add: Other comprehensive income / (loss)	1.18	(2.95)
Add: Transferred from reserve created out of equity instrument measured at fair value through other comprehensive income	0.01	-
	462.21	428.98
Less: Appropriations		
Final dividend for the previous year	58.10	50.78
Interim dividend for the current year	36.34	36.29
	94.44	87.07
Total retained earnings	2,683.31	2,315.54
Total	3,325.43	2,946.59

- Share application money pending allotment, represents amount received from employees who have exercised Employee Stock Option Plan (ESOP) for which shares are pending allotment as on the Balance Sheet date.
- Capital redemption reserve is created out of General reserve being nominal value of shares bought back in terms of erstwhile section 77A of the Companies Act, 1956 for equity shares buy back in the year 2012-13.
- Securities premium represents the amount received in excess of face value of the equity shares. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- General reserve is created by setting aside amount from the retained earnings of the Company for general purposes which is freely available for distribution.
- Equity instruments through other comprehensive income represents the cumulative gains and losses arising on the valuation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off and is not available for distribution of dividend.
- Employee stock option reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of vested stock options not exercised by employees. Refer Note 41.5.19 for disclosure on Employee Stock Option Plan (ESOP) of the Company.

Notes forming part of the Standalone Financial Statements

Note 17: Other Equity (Contd..)

7. Dividend distribution made and proposed

₹ in Crores		
Particulars	2025-2026	2024-2025
Cash dividends on equity shares declared and paid		
Final dividend for the year ended 31 March 2025: ₹ 4 per share (31 March 2024: ₹ 3.50 per share)	58.10	50.78
Interim dividend for year ended 31 March 2026: ₹ 2.50 per share (31 March 2025: ₹ 2.50 per share)	36.34	36.29
Total	94.44	87.07

Final dividend proposed for the year ended 31 March 2026: **₹ 4.50 per share (31 March 2025: ₹ 4 per share)**

Proposed dividend on equity shares are subject to approval of the shareholders of the Company at the annual general meeting and are not recognised as a liability as at 31 March.

Note 18: Borrowings (Non-current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
From banks (secured)		
Term loan	19.13	49.13
Total	19.13	49.13

- Borrowings are measured at amortised cost.
- Term loans from banks

The Company has availed a total term loan of ₹ 119.13 Crores for the purchase of immovable property. The loan is to be repaid in monthly installments of ₹ 2.50 Crores each starting from December 2023 with rate of interest linked to repo rate plus applicable spread i.e effective **6.55% p.a as at 31 March 2026 (7.80% as at 31 March 2025)**. The term loan is secured by an exclusive charge on the immovable property purchased through the term loan facility and hypothecation of movable fixed assets acquired through the term loan facility. The carrying amount of the loan as at **31 March 2026 is ₹ 49.13 Crores (31 March 2025: ₹ 79.13 Crores)**. Refer Note 24- Borrowings (Current) for current maturities of this long term borrowings.

3. Maturity profile of Term Loans from banks (Current and Non-current)

₹ in Crores		
Period	As at 31 March 2026	As at 31 March 2025
Less than three months	7.50	7.50
More than three months upto one year	22.50	22.50
More than one year upto three years	19.13	49.13
More than three years upto five years	-	-
Total	49.13	79.13

- There has been no default in repayment of interest and principal amount for year ended 31 March 2026 and 31 March 2025.
- For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer to Note 41.5.15.

Notes forming part of the Standalone Financial Statements

Note 19: Lease liabilities (Non-current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Lease liabilities	9.22	28.11
Total	9.22	28.11

- Lease liabilities are measured at amortised cost.
- For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.
- Refer Note 41.5.17 for additional disclosures.

Note 20: Other financial liabilities (Non-current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Deposits/ Retentions from customers and others	8.03	14.06
Total	8.03	14.06

- Other financial liabilities are measured at amortised cost.
- For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.

Note 21: Provisions (Non-current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Provision for employee benefits		
Provision for compensated absence	20.29	18.20
Provision for pension and other retirement benefits	2.31	2.32
Total Provision for employee benefits	22.60	20.52
Other provisions		
Provision for warranty	17.63	20.74
Total other provisions	17.63	20.74
Total	40.23	41.26

Refer Note 29 Provisions (Current) for additional disclosures.

Notes forming part of the Standalone Financial Statements

Note 22: Deferred tax (assets)/liabilities (net)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred tax liabilities		
Depreciation	65.74	43.27
Others	3.40	3.50
Total deferred tax liabilities	69.14	46.77
Less: Deferred tax asset		
Disallowances under Income Tax Act,1961	(18.70)	(14.48)
Provision for doubtful debts and advances	(6.82)	(6.63)
VRS compensation	-	(0.42)
Others	(0.40)	(0.22)
Total deferred tax assets	(25.92)	(21.75)
Total deferred tax liabilities (net)	43.22	25.02

- Reconciliation of deferred tax (assets) / liabilities (net)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Opening balance as at 1 April	25.02	9.95
Tax (income)/expense during the year recognised in the Statement of Profit and Loss	17.80	16.15
Tax (income)/expense during the year recognised in Other Comprehensive Income	0.40	(1.08)
Closing balance as at 31 March	43.22	25.02

- The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- Refer Note 40 for Income tax and deferred tax rate.

Note 23: Other non-current liabilities

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Advance from customers	73.93	80.92
Revenue received in advance	1.46	1.52
Total	75.39	82.44

- Refer Note 41.5.8. for additional disclosures

Notes forming part of the Standalone Financial Statements

Note 24: Borrowings (Current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
From banks		
Secured		
Export preshipment loan in INR	55.26	50.29
Current maturities of long term borrowings	30.00	30.00
Total	85.26	80.29

- Borrowings are measured at amortised cost.
- Secured Borrowings- The Company's fund and non-fund based working capital facilities aggregating to ₹ 385 Crores are secured by way of hypothecation (First Charge) on the whole of the current assets of the Company both present and future in favour of the consortium of banks (SBI Consortium) comprising of State Bank of India, Pune (Lead Bank), Bank of Maharashtra, ICICI Bank Limited, HDFC Bank Limited, and The Hongkong and Shanghai Banking Corporation Limited (HSBC).

The Board of Directors of the Company had given their approval for reduction ₹ 410 Crores consortium limit to ₹ 385 Crores and also to appoint 'Axis Trustee Services Private Limited' as a Security Trustee. The Company has appointed 'Axis Trustee Services Private Limited' as Security Trustee and is in process of execution of necessary agreements with Consortium Bankers to give effect to the reduction of working capital facilities and hypothecation charge from ₹ 410 Crores to ₹ 385 Crores. Accordingly, the necessary forms will be filed with the Ministry of Corporate Affairs/Registrar of Companies for modification of charge created to the extent of reduction in working capital facilities.

- The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of account.
- There has been no default in repayment of interest and principal amount for year ended 31 March 2026 and 31 March 2025
- For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 41.5.15

Note 25: Lease liabilities (Current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Lease liabilities	17.26	17.05
Total	17.26	17.05

- Lease liabilities are measured at amortised cost.
- For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 41.5.15.
- Refer Note 41.5.17 for additional disclosures

Notes forming part of the Standalone Financial Statements

Note 26: Trade and other payables

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Acceptances	14.82	27.73
Due to micro enterprises and small enterprises	145.37	87.78
Due to other than micro enterprises and small enterprises	608.41	535.13
Total	768.60	650.64

- Trade and other payables are measured at amortised cost.
- For terms and conditions with related parties, refer to Note 41.5.11.
- For explanations on the Company's foreign currency risk and liquidity risk management processes, refer Note 41.5.15
- For trade and other payables outstanding, the ageing schedule is as given below:

As at 31 March 2026

₹ in Crores							
Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises ("MSME")	2.68	142.67	-	-	0.00	0.01	145.37
Others	6.47	441.71	170.23	1.31	2.11	1.40	623.23
*Disputed dues – Micro and Small Enterprises ("MSME")	-	-	-	-	-	-	-
*Disputed dues - Others	-	-	-	-	-	-	-
Total	9.15	584.38	170.23	1.31	2.12	1.41	768.60

* Disputed dues represents legal cases with vendors

As at 31 March 2025

₹ in Crores							
Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises ("MSME")	0.63	86.81	0.32	0.01	0.01	-	87.78
Others	2.92	452.87	103.03	2.19	0.46	1.39	562.86
*Disputed dues – Micro and Small Enterprises ("MSME")	-	-	-	-	-	-	-
*Disputed dues - Others	-	-	-	-	-	-	-
Total	3.55	539.68	103.35	2.20	0.47	1.39	650.64

* Disputed dues represents legal cases with vendors

Notes forming part of the Standalone Financial Statements

Note 27: Other financial liabilities (Current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Deposits from customers	1.05	2.50
Unclaimed dividends	6.53	7.04
Payable for capital purchases	35.77	36.55
Employee benefits payable	68.90	46.66
Derivative liabilities	11.41	-
Other payables	37.84	20.62
Total	161.50	113.37

- Other financial liabilities, except derivative liabilities, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.
- Derivative liabilities reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
- For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.
- Payable for capital purchase includes MSME creditors to the extent they are of capital nature amounting ₹ **6.60 Crores (31 March 2025: ₹ 2.83 Crores)**.

Note 28: Other current liabilities

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Advance from customers	50.26	36.80
Revenue received in advance	36.29	32.81
Statutory dues	37.42	50.79
Others	0.07	0.12
Total	124.04	120.52

- For advance from customers and revenue received in advance, refer Note 41.5.8.

Note 29: Provisions (Current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Provision for employee benefits		
Provision for gratuity	24.60	15.54
Provision for compensated absence	10.50	9.79
Provision for pension and other retirement benefits	0.37	0.33
Total provision for employee benefits	35.47	25.66
Others		
Provision for warranty	60.40	59.73
Other Provisions	34.86	24.59
Total others	95.26	84.32
Total	130.73	109.98

- Refer Note 21 Provisions (Non-current)

Notes forming part of the Standalone Financial Statements

Note 29: Provisions (Current) (Contd..)

Note:

2. Employee benefits obligations

a. Gratuity

The Company provides gratuity as per Code on Social Security, 2020 (notified by the Government of India w.e.f. 21 November 2025) and the Company's internal gratuity scheme. Permanent employees who are in continuous service for a period of five years are eligible for gratuity. There are no fixed term employees employed by the Company. The amount of gratuity is payable on retirement or separation whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is funded plan.

b. Pension and other retirement benefits

The Company provides certain post-employment medical scheme and long term award benefits to employees (unfunded). For long-term award scheme, the Company has defined certain eligibility criteria and grade-wise benefit available to employees and is payable only at time of separation. Pension and medical benefits are payable to specified category of employees for 15 years after retirement.

c. Compensated absences

The leave obligation cover the Company's liability for earned leaves.

Also refer Note 41.5.9 for detailed disclosure.

3. Others

- Warranty is provided to customers at the time of sale of products. Warranty cost includes expenses in connection with repairs, free replacement of parts / engines and after sales services during warranty period which varies from 1 year to 4 years.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

- The Company has preferred an Appeal bearing No. 125 of 2016 before the Chief Controlling Revenue Authority (CCRA) against the Stamp Duty Adjudication Order dated 2 May 2016 bearing ADJ/188/2015 passed by Collector of Stamps, Enforcement – II, Mumbai levying a total stamp duty amount of ₹ 14.94 Crores on the Company for amalgamation of KBIL with the Company. For securing a Stay Order against the said Stamp duty Adjudication being ADJ/188/2015 dated 2 May 2016, the Company has deposited 50% of the stamp duty amount of ₹ 7.47 Crores on protest on 30 June 2016. Considering the payment of 50% of stamp duty amount, through its Order dated 22 September 2016, CCRA has passed an Order granting stay on the effect and operation of said Stamp Duty Adjudication Order bearing ADJ/188/2015 dated 2 May 2016. The Company's Appeal bearing No. 125 of 2016 is still pending and listing for final hearing is awaited. Accordingly, provision for stamp duty of ₹ 14.94 Crores has been made. In the meantime, the Company, on 30 January 2024, filed an application under the Maharashtra Stamp Duty Amnesty Scheme 2023 for reduction in the adjudicated Stamp Duty and waiver of penalty and interest thereof. This application is pending for hearing/orders.
- Provision for liquidated damages pertains to provision arising due to delay in actual delivery of goods/services as against the contractual delivery date.

Notes forming part of the Standalone Financial Statements

Note 29: Provisions (Current) (Contd..)

- d. Provision for onerous contracts pertains to the provision for the unavoidable costs of meeting the obligations under the contract which exceeds the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

₹ in Crores				
Particulars	Warranty	Stamp duty	Liquidated damages	Onerous contracts
As at 1 April 2024	62.88	14.94	5.31	0.01
Arising during the year	85.73	-	4.80	-
Less: Utilised	(68.02)	-	(0.16)	(0.01)
Less: Unused amount reversed	(2.00)	-	(0.30)	-
Add: Unwinding of discount	1.88	-	-	-
As at 31 March 2025	80.47	14.94	9.65	-
Arising during the year	96.09	-	15.71	-
Less: Utilised	(67.80)	-	(4.53)	-
Less: Unused amount reversed	(12.64)	-	(0.91)	-
Add: Unwinding of discount	1.43	-	-	-
Less: Transferred under slump sale	(19.52)	-	-	-
As at 31 March 2026	78.03	14.94	19.92	-
Non-current (Refer Note 21)	147.63	-	-	-
Current	60.40	14.94	19.92	-

Note 30: Revenue from operations

₹ in Crores		
Particulars	2025-2026	2024-2025
Sales and services		
Sale of products	5,390.91	4,312.11
Sale of services	212.94	169.35
Total sales and services	5,603.85	4,481.46
Other operating income		
Sale of scrap	17.10	15.58
Commission received	4.64	3.85
Export incentives	11.59	9.54
Sundry credit balances written back	0.50	0.62
Provisions no longer required written back	2.46	0.84
Income generated from solar power generation	5.10	7.63
Miscellaneous receipts	1.59	1.20
Total other operating income	42.98	39.26
Total	5,646.83	4,520.72

1. Refer Note 41.3.1, 41.4.17 & 41.5.8 for accounting policies and additional disclosures.

Notes forming part of the Standalone Financial Statements

Note 31: Other income

₹ in Crores		
Particulars	2025-2026	2024-2025
Interest on income tax and sales tax refund	0.00	0.00
Interest income on financial assets measured at amortised cost		
(i) Bank deposits	18.92	3.86
(ii) Unwinding of interest on security deposits	0.50	0.27
(iii) Preference shares	3.96	3.98
(iv) Other financial assets	1.08	0.79
Dividend income from equity investments designated at fair value through other comprehensive income	0.00	0.00
Net gain on financial assets measured at fair value through profit or loss (unrealised)	2.53	4.96
Net gain on sale of mutual fund measured at fair value through profit or loss (realised)	13.63	19.30
Rent income	-	0.92
Gain on derecognition of lease	0.04	-
Total	40.66	34.08

1. Net gain on financial assets measured at fair value through profit or loss relates to the gain arising on fair value restatements of investment in mutual funds at the Balance Sheet dates which are held as current or non-current investments.
2. Refer Note 41.3.1, 41.4.10 & 41.5.17 for accounting policies and additional disclosures

Note 32: Cost of raw materials and components consumed

₹ in Crores		
Particulars	2025-2026	2024-2025
Raw materials and components consumed	2,973.80	2,323.74
Total	2,973.80	2,323.74

Note 33: Purchase of traded goods

₹ in Crores		
Particulars	2025-2026	2024-2025
Engines and Gensets	54.16	59.16
K-Oil	201.96	174.57
Alternators, Batteries and Others	468.18	349.90
Total	724.30	583.63

1. Refer Note 41.4.11 for accounting policies.

Notes forming part of the Standalone Financial Statements

Note 34: Changes in inventories of finished goods, work-in-progress and traded goods

₹ in Crores		
Particulars	2025-2026	2024-2025
Opening inventories		
Work-in-progress	32.37	37.81
Finished goods	50.53	84.88
Traded goods	37.96	30.60
Total opening inventories (a)	120.86	153.29
Closing inventories		
Work-in-progress	41.67	32.37
Finished goods	55.59	50.53
Traded goods	21.43	37.96
Total closing inventories (b)	118.69	120.86
Less: Adjustment on account of slump sale (c)	26.19	19.59
(Increase)/decrease in inventories*[(a)-(b)-(c)]	(24.02)	12.84

* From continuing operations

Note 35: Employee benefits expense

₹ in Crores		
Particulars	2025-2026	2024-2025
Salaries, wages, bonus, commission, etc.	302.01	270.00
Contribution to provident and other funds	18.39	16.49
Welfare and training expenses	29.09	26.77
Share based payment to employees	6.60	8.22
Provident and other funds' expenses	0.76	0.51
Total	356.85	321.99

1. For additional disclosures, refer Note 41.5.9 for gratuity and Note 41.5.19 for share based payment to employees.

Note 36: Finance costs

₹ in Crores		
Particulars	2025-2026	2024-2025
Interest and discounting charges	8.22	8.94
Interest on lease liabilities	2.49	2.05
Other finance cost	0.32	0.25
Total	11.03	11.24

1. For additional disclosures, refer Note 41.5.17 for interest on lease liabilities.

Note 37: Depreciation and amortisation expense

₹ in Crores		
Particulars	2025-2026	2024-2025
Depreciation on property, plant and equipment	89.82	74.86
Amortisation on intangible assets	36.45	28.93
Amortisation on right-of-use assets	17.04	10.13
Total	143.31	113.92

Notes forming part of the Standalone Financial Statements

Note 38: Other expenses

₹ in Crores		
Particulars	2025-2026	2024-2025
Manufacturing expenses		
Stores consumed	93.66	92.30
Power and fuel	36.53	34.22
Machinery spares	17.18	12.82
Repairs to machinery	15.74	12.95
Job work charges	60.86	43.52
Labour charges	28.05	18.96
Cost of services	142.38	117.13
Other manufacturing expenses	36.88	27.91
Total manufacturing expenses	431.28	359.81
Selling expenses		
Commission	21.79	16.07
Freight and forwarding	110.74	82.65
Warranty	76.76	60.87
Royalty	13.85	11.08
Advertisement and publicity	27.00	12.80
Provision for doubtful debts and advances (net)	1.08	(35.14)
Bad debts and irrecoverable balances written off	0.30	0.05
Others selling expenses	7.21	6.42
Total Selling expenses	258.73	154.80
Administration expenses		
Rent	3.44	13.93
Rates and taxes	2.94	1.01
Insurance	2.81	3.44
Repairs to building	2.37	2.20
Other repairs and maintenance	55.28	46.01
Travelling and conveyance	32.11	29.19
Communication expenses	5.16	4.05
Printing and stationery	1.42	1.34
Professional charges	65.13	65.19
Auditor's remuneration	0.67	0.59
Donations	0.02	0.01
Corporate social responsibilities ("CSR") expenses	9.48	7.20
Non Executive Directors' fees & commission	4.79	4.51
Miscellaneous expenses	30.94	11.68
Net (gain)/ loss on assets sold, demolished, discarded and scrapped	(1.52)	(2.22)
Exchange (gain)/loss on translation of assets and liabilities	(1.08)	(1.16)
Total administration expenses	213.96	186.97
Total	903.97	701.58

1. Refer Note 41.5.18 for CSR expenses and Note 41.5.5 for auditors' remuneration.

Notes forming part of the Standalone Financial Statements

Note 39: Exceptional items

₹ in Crores		
Particulars	2025-2026	2024-2025
Impact of new labour code (expense)/income	(29.68)	-
Profit on sale of property, plant and equipment	-	20.90
Total	(29.68)	20.90

- On 21 November 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws, collectively referred to as the “New Labour Codes”.

The Ministry of Labour & Employment published draft central Rules and FAQs to enable the assessment of the financial impact due to regulatory changes. The Company has considered an updated salary structure for its employees and assessed the impact of the changes, consistent with the notified codes, draft rules, FAQs, relevant accounting standards and the best information available. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Company has presented such incremental impact of ₹ 29.68 Crores under “Exceptional Items”.

The Company continues to monitor the finalisation of Central / State Rules and clarifications from the Government on other aspects of the Labour Code and will provide appropriate accounting effects based on these developments in subsequent periods as needed.

- During the previous year ended 31 March 2025, the Company sold an aircraft that was previously subject to an operating lease agreement for a total consideration of ₹ 21.98 Crores, the net profit arising on sale of this aircraft is ₹ 20.90 Crores.

Note 39A: Discontinued Operations

- The Board of Directors of the Company in its meeting held on 10 October 2025 approved the transfer of the Company's Business to Customer (“B2C”) business segment i.e. Water Management Solutions (“WMS”) – Domestic & Exports Business by way of slump sale as a going concern to its wholly owned subsidiary, 'KOEL Fluid Dynamics Private Limited' ("KFD") (Formerly known as La-Gajjar Machinerries Private Limited ("LGM")).

The aforesaid B2C business segment of the Company was transferred to KFD with effect from 11 October 2025. The consideration was in the form of issuance and allotment of 10,65,150 equity shares of KFD having face value of ₹ 10/- each to the Company, on a private placement basis, on terms as set out in the Business Transfer Agreement. Accordingly, the net assets of ₹ 18.88 Crores have been transferred on a slump sale basis at their carrying values, and the consideration has been accounted for at such carrying values of net assets as an addition to the Company's investment in the subsidiary, consistent with the Company's accounting policy, in accordance with the applicable Indian accounting standards. As per the provisions of Income Tax Act, 1961, the gain on transfer of undertaking by way of slump sale to wholly owned subsidiary is not taxable.

The operations of the Business to Customer (“B2C”) business of the Company has been classified as Discontinued Operations for all the periods presented in these standalone financial statements of the Company, in accordance with the applicable accounting standards. Since the transaction is with the wholly owned subsidiary company, there is no impact on the consolidated financial statements

2. Details of slump sale transaction:

₹ in Crores		
Particulars	As at 10 October 2025	
(a) Carrying amount of net assets transferred	18.88	
(b) Consideration received in form of equity shares of KFD [included in the carrying value of investment in equity shares	18.88	

Notes forming part of the Standalone Financial Statements

Note 39A: Discontinued Operations (Contd..)

3. Net assets of B2C segment are as follows:

₹ in Crores	
Particulars	As at 10 October 2025
Non-current assets	3.66
Current assets	116.83
Total assets associated with B2C segment (a)	120.49
Non-current liabilities	12.71
Current liabilities	88.90
Total liabilities directly associated with B2C segment (b)	101.61
Net assets directly associated with B2C segment (a-b)	18.88

4. Profit from discontinued operations for the year:

₹ in Crores		
Particulars	1 April 2025 to 10 October 2025	Year ended 31 March 2025
(a) Revenue from operations	317.66	592.61
(b) Other income	0.41	0.33
(c) Total income (a+b)	318.07	592.94
(d) Total expenses	291.98	536.66
(e) Profit/(loss) before tax (c-d)	26.09	56.28
(f) Tax expense from discontinued operations	6.57	14.17
Profit/(loss) after tax from discontinued operations (e - f)	19.52	42.11

5. Cash flows from discontinued operations:

₹ in Crores		
Particulars	1 April 2025 to 10 October 2025	Year ended 31 March 2025
Net cash generated from/(used in) operating activities	(4.02)	69.52
Net cash generated from/(used in) investing activities	0.11	(0.18)
Net cash generated from/(used in) financing activities	3.91	(69.34)

Notes forming part of the Standalone Financial Statements

Note 40: Tax expense

1. The major components of income tax expenses for the year ended 31 March 2026 and 31 March 2025

₹ in Crores

Particulars	2025-2026	2024-2025
Current tax		
Current income tax	141.18	131.86
Continuing Operations	134.61	117.69
Discontinued Operations	6.57	14.17
(Excess)/short provision related to earlier years	(6.49)	-
Deferred tax		
Relating to origination and reversal of temporary difference	17.80	16.15
Income tax expense reported in the Statement of Profit and Loss	152.49	148.01

2. Deferred tax related to items recognised in OCI during the year

₹ in Crores

Particulars	2025-2026	2024-2025
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	0.40	(1.00)
Net loss/(gain) on FVOCI equity instruments	0.00	(0.08)
Deferred tax charged to OCI	0.40	(1.08)

3. Significant estimates made in relation to the Company's income tax position and impact of non-assessable and non-deductible items on income tax expense:

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2026 and 31 March 2025

Current tax

₹ in Crores

Particulars	2025-2026	2024-2025
Profit before tax from continuing operations	593.91	523.66
Profit before tax from discontinued operations	26.09	56.28
Profit before tax from continuing and discontinued operations	620.00	579.94
Tax @ 25.168% (31 March 2025: 25.168%)	156.04	145.96
Corporate social responsibility expenses/donations	2.39	1.82
Other disallowances/(allowances)	1.71	1.23
Deductions as per Chapter VI-A	(1.17)	(1.00)
Tax effect of adjustments in calculating taxable income:	2.93	2.05
Income tax expenses recognised in the Statement of Profit and Loss	158.97	148.01
Effective income tax rate	25.64%	25.52%

Notes forming part of the Standalone Financial Statements

Note 41: Notes to and forming part of the financial statements as at and for the year ended 31 March 2026

1 Corporate information

Kirloskar Oil Engines Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at Laxmanrao Kirloskar Road, Khadki, Pune, Maharashtra- 411003. The equity shares of the Company are listed on two recognised stock exchanges in India i.e. Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company is engaged in the business of manufacturing of engines, generating sets, pump sets and power tillers and spares thereof. During the year, the Company had manufacturing facilities in the state of Maharashtra and Gujarat.

2 Basis of preparation of financial statements

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('Ind AS') as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the Companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The financial statements have been prepared on accrual basis following historical cost convention, except for,

- (i) certain financial assets and financial liabilities that are measured at fair value or amortised cost in accordance with Ind AS.
- (ii) defined benefit plans - plan assets measured at fair value.
- (iii) Equity settled share based payments

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

The financial statements were approved by the Board of Directors and authorized for issue on 14 May 2026.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. 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 future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

3.1 Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Leases

Ind AS 116 'Leases' provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgement.

Capital work-in-progress

Project is construed as smallest group of assets having a common intended use. Group of assets in an integrated plant is treated as one project. The identification of project will require judgement and management needs to identify project based on facts of each case. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

Notes forming part of the Standalone Financial Statements

3.1 Judgements (Contd.)

Revenue recognition

The Company recognises revenue for each performance obligation either at a point in time or over a time. In case performance obligation is satisfied over a time, the output method is used to determine the revenue since it is faithfully depicting the Company's performance towards complete satisfaction of performance obligation. Practical expedient of "right to consideration" is also considered while recognising revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the Company generally recognises revenue when the control is transferred i.e. in case of goods either on shipment or upon delivery in domestic & on bill of lading date in case of export. In case of services, the revenue is recognised based on completion of distinct performance obligation. Refer material accounting policy Note 41.4.17 & Note 41.5.8 on revenue recognition for information about methods, input and assumptions w.r.t transaction price & variable consideration.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation, uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company bases its assumptions and estimates on information available till the date of approval of these financial statements. The estimates and assumptions used, however may change based on future developments, due to market environment or due to circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions and estimates when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive

to changes in these assumptions. All assumptions are reviewed at each reporting date.

The most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 41.5.9.

Development costs

The Company capitalises development costs for a project in accordance with its accounting policy. Initially, capitalisation of costs is based on management's judgement that the technological and economic feasibility is confirmed when a product development project has reached a defined milestone, according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

For further details about the carrying amount of development costs capitalised as internally generated intangible assets and as intangible assets under development, Refer Note 2.

Warranty

The Company recognises provision for warranties in respect of the products that it sells. The estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures.

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable

Notes forming part of the Standalone Financial Statements

3.2 Estimates and assumptions (Contd.)

that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Business combinations

In accounting of Business Combinations, estimation is involved in recognising contingent consideration. This measurement is based on information available at the acquisition date and is based on expectations and assumptions that have been deemed reasonable by management.

Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the Statement of Profit and Loss.

Share based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 41.5.19

4 Material accounting policies

4.1 Current Vs. Non-current classification

The Company presents assets and liabilities in the Balance Sheet based on Current/Non-current classification.

An asset is 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 equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as Non-current.

A liability is current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as Non-current assets and liabilities.

The Company classifies all other liabilities as Non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

4.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes forming part of the Standalone Financial Statements

4.2 Fair value measurement (Contd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

Methods and assumptions used to estimate the fair values are consistently followed.

4.3 Property, plant and equipment

- a Property, plant and equipment and capital work-in-progress are stated at cost, net of accumulated depreciation and/or accumulated impairment

losses, if any. Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

- b Capital work-in-progress comprises cost of Property, plant and equipment that are not yet installed and not ready for their intended use at the Balance Sheet date.
- c Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.
- d Project is construed as smallest group of assets having a common intended use. Group of assets in an integrated plant is treated as one project. Project identification is consistent with how management identifies and monitors progress on group of assets internally.
- e When temporary suspension is a necessary part of the process of getting an asset ready for its intended use, the project is not considered to have been temporarily suspended and the CWIP related to such projects should continue to be presented under 'Projects in progress'.

Notes forming part of the Standalone Financial Statements

4.3 Property, plant and equipment (Contd.)

Depreciation

Depreciation is charged on the basis of useful life of assets on straight line method which are as follows:

Asset Category	Life (in years)	Basis for useful life
Factory buildings	30	
Building- Non factory		
RCC frame structure	60	
*Other than RCC frame structure	30	
Fence, Wells, Tube wells	5	Life as prescribed under Schedule II of the Companies Act, 2013
Building – Roads		
Carpeted roads- RCC	10	
Carpeted roads- Other than RCC	5	
Non carpeted roads	3	
Building - Temporary shed	3	
* Plant & Equipment other than pattern tooling	7.5 to 15	Useful life based on Number of Shifts as prescribed under Schedule II of the Companies Act, 2013
Plant & Equipment - Pattern tooling	4	Lower useful life considered based on past history of usage and supported by technical evaluation
*Solar Power Plant	25	Higher useful life considered supported by technical evaluation
Computers		
Network	6	Life as prescribed under Schedule II of the Companies Act, 2013
End user devices, such as, desktops, etc.	3	
*Laptops	3 to 5	Higher useful life considered based on past history of usage
Servers	4	Lower useful life considered based on past history of usage and supported by technical evaluation
Electrical installations	10	Life as prescribed under Schedule II of the Companies Act, 2013
*Furniture & Fixture		
Furniture, fixtures and electrical fittings	10	Life as prescribed under Schedule II of the Companies Act, 2013
Furniture, AC, Refrigerators and Water coolers - Residential premises	4	Lower useful life considered based on past history of usage.
AC, Refrigerators and Water coolers - Company and Guest house premises	5	Lower useful life considered based on past history of usage.
Office equipment	5	Life as prescribed under Schedule II of the Companies Act, 2013
*Vehicles		
Motorcars, Jeep	5	Lower useful life considered based on past history of usage
Trucks	5	
Other vehicles	5	
*Aircrafts	15	Lower useful life considered based on past history of usage and supported by technical evaluation

- Depreciation on additions is provided from the beginning of the month in which the asset is added.

Notes forming part of the Standalone Financial Statements

4.3 Property, plant and equipment (Contd..)

- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.
- Foreign exchange fluctuation gain/loss on imported plant and equipment were capitalised in the cost of the respective fixed asset up to transition date of Ind AS. Depreciation on such additions is provided over the remaining useful life of the underlying plant and equipment.

*The Company, based on technical assessments made by technical experts and management estimates depreciates certain items of plant and equipment; building; computers; furniture and fixtures; vehicles and aircraft over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of Property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.4 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to

yield future economic benefits to the Company, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

Other internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss for the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Sr. No	Asset category	Life (in years)
1	Computer Software	5
2	Drawings & Designs	10
3	Technical Knowhow – acquired	6
4	Technical Knowhow - Internally generated	3 to 5

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

Notes forming part of the Standalone Financial Statements

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

4.6 Impairment of non financial assets

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Statement of Profit and Loss. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods.

4.7 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

a. Financial assets

i Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. However, trade receivables that do not contain a significant financing component are measured at transaction price.

ii Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost:

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost by applying the effective interest rate ('EIR'). The amortised cost is calculated by taking into account any premium or discount on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Notes forming part of the Standalone Financial Statements

4.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Equity instrument:

Investment in equity instruments issued by subsidiary are measured at cost.

Investments in equity instruments issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other comprehensive income.

In addition, the Company may elect to classify a financial asset, which otherwise meets amortised cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’).

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the Statement of Profit and Loss.

iii Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,

or

- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

iv Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made

Notes forming part of the Standalone Financial Statements

4.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company’s senior management determines change in the business model as a result of external or internal changes which are significant to the Company’s operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases

to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in other comprehensive income (‘OCI’). No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

v Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 116
- Trade receivables under Ind AS 115

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on:

- Trade receivables resulting from transactions within the scope of Ind AS 115, if they do not contain a significant financing component

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and

- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide

Notes forming part of the Standalone Financial Statements

4.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss. This amount is reflected in a separate line in the Statement of Profit and Loss as an impairment gain or loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company

does not derecognise impairment allowance from the gross carrying amount.

- Loan commitments: ECL is presented as a provision in the Balance Sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b Financial Liabilities

i Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

ii Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

– Financial liabilities at fair value through profit or loss

The Company has not provided any commitment to the related parties as at 31 March 2026 (31 March 2025: ₹ Nil) except to Kirloskar Advanced Systems Private Limited towards initial investment in Kirloskar Advanced Systems Private Limited upto ₹ 9 Crores.

– Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For

Notes forming part of the Standalone Financial Statements

4.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ losses are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through the Statement of Profit and Loss.

– Loans and borrowings at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

iii Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its Balance Sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

iv Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.8 Derivatives

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Company. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the Statement of Profit and Loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the Statement of Profit and Loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Company.

4.9 Foreign currency transactions

a. Initial recognition

Foreign currency transactions are recorded in Indian currency (the "functional and presentation currency"), by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

b. Conversion

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are revalored at the rate prevailing on the date of

Notes forming part of the Standalone Financial Statements

4.9 Foreign currency transactions (Contd..)

Balance Sheet or forward contract rate or other appropriate rate.

c. Exchange differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. Further, as per extant circulars issued by the Ministry of Corporate Affairs, eligible exchange difference on foreign currency loans utilized for acquisition of assets, was adjusted in the cost of the asset to be depreciated over the balance life of the asset up to transition date of Ind AS.

4.10 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

a. Where the Company is a lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognise right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognised as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

Right-of-use assets:

Right-of-use assets, which are included under Property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognised as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liabilities

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

b. Where the Company is a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within Property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Notes forming part of the Standalone Financial Statements

4.11 Inventories

- Raw materials, components, stores and spares are valued at cost or net realisable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is ascertained using weighted average method.
- Work-in-progress including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.
- Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of Balance Sheet.
- Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- Traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

4.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

4.13 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in Other comprehensive income or directly in equity is recognised in other comprehensive income ('OCI') or in equity, respectively, and not in the Statement of Profit and Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences including, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements,

Notes forming part of the Standalone Financial Statements

4.13 Taxes (Contd..)

deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax / Goods and Services tax ('GST')

Expenses and assets are recognised net of the amount of sales tax / GST, except:

- When the sales tax/GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax/GST included.

The net amount of sales tax/GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

4.14 Non-current assets held for sale and discontinuing operations

a Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

b Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit and Loss account.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the Balance Sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
Or
- Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a Non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

4.15 Employee benefits

a Short term employee benefits

The distinction between short term and long term employee benefits is based on expected timing of

Notes forming part of the Standalone Financial Statements

4.15 Employee benefits (Contd..)

settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b Post-employment benefits

i Defined contribution plan

The Company makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the Statement of Profit and Loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

ii Defined benefit plan

The employee's gratuity fund scheme, pension, post-retirement medical and long term service award benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

c Other long term employment benefits:

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on a net basis.

In regard to other long term employment benefits, the Company recognises the net total of service costs; net interest on the net defined benefit liability (asset); and remeasurements of the net defined benefit liability (asset) in the Statement of Profit and Loss.

d Termination benefits:

Termination benefits such as compensation under voluntary retirement scheme are recognised in the Statement of Profit and Loss in the year in which termination benefits become payable or when the Company determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

4.16 Provisions, contingencies and commitments

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

Notes forming part of the Standalone Financial Statements

4.16 Provisions, contingencies and commitments (Contd..)

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Onerous contracts

A contract is considered to be onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

4.17 Revenue recognition

Revenue from operations

a Sale of goods & services:

The Company recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when any uncertainty is subsequently resolved. The amount of variable consideration is calculated by either using

the expected value or the most likely amount depending on which it is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative standalone selling prices. The Company reasonably estimates the standalone selling prices if such prices are not observable. For each performance obligations identified as above, the revenue is recognised either at a point in time or over time. When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. The Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

In case of bill and hold arrangements, revenue is recognized when the company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognised.

The Company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which customer accepts the same and confirms to the Company basis which criteria for bill and hold is met.

The Company has identified the goods as belonging to the customer and stored them separately in the factory premises until goods are cleared from the factory premises.

Notes forming part of the Standalone Financial Statements

4.17 Revenue recognition (Contd..)

The goods are ready for physical transfer to the customer from the factory premises of the Company.

The Company cannot use the goods for any other purpose or to direct it to another customer.

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue.

b Contract balances

Contract assets

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. The Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognised in Statement of Profit and Loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Company expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations).

Trade receivables

The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when the Company performs under the contract.

4.18 Other income

a Interest income from financial assets

Interest income from financial assets is recognised using effective interest rate method.

b Dividend income

Dividend income is recognised when the Company's right to receive the amount has been established.

c Others

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

4.19 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item.

4.20 Government grants

Grants and subsidies from the government are recognised if the following conditions are satisfied,

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

a. Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognised as "Other operating income" in the Statement of Profit and Loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

b. Industrial promotion subsidy

Government grants received with reference to Industrial promotion subsidy under Packaged Scheme of Incentives, 2001 is treated as grant related income and is recognised as other operating income in the Statement of Profit and Loss as per the appropriate recognition criteria.

Notes forming part of the Standalone Financial Statements

4.20 Government grants (Contd.)

c. Export promotion capital goods

Government grants received with reference to export promotion capital goods scheme are initially recognised as deferred revenue and grant in proportion of export obligation achieved during the year is reduced from deferred revenue and recognised as "Other operating income" in the Statement of Profit and Loss.

4.21 Cash dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the provisions of the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Statement of Profit and Loss.

4.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

4.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents(including bank balances) shown in the Statement of Cash Flow exclude items which are not available for general use as at the date of the Balance Sheet.

4.24 Share based payments

Equity settled share based payments

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Company recognises compensation expense relating to share based payments in accordance with Ind AS 102 Share based payment. Stock options granted by the Company to its employees are accounted as equity settled options. Accordingly, equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 41.5.19. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share based payments reserve.

4.25 Segment reporting

a. Identification of segments

Operating segments are reported in a manner consistent with the internal reporting to the management.

b. Allocation of common costs

Common allocable costs are allocated to the reportable segment based on sales of reportable segment to the total sales of the Company.

c. Unallocated items

Corporate assets and liabilities, income and expenses which relate to the Company as a whole and are not allocable to segments, are included under other reconciling items.

Notes forming part of the Standalone Financial Statements

4.26 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. 1 April 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:

Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. 1 April 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 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 impact in its financial statements.

5 Additional notes to the Financial Statements

5.1 Contingent liabilities

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
i. Central excise demands	4.39	20.09
ii. Sales tax and Goods & Service Tax demands	2.23	2.48
iii. Customs duty demands	0.00	0.00
iv. Income tax demands	5.83	7.32
v. Claims against the Company not acknowledged as debts	52.08	54.00

5.2 Other Contingent liabilities

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Aggregate amount of such letters of credit outstanding (Charge of hypothecation referred to in Note 24 for working capital facilities extends to letter of credit issued by the Company's bankers)	132.12	11.87
Aggregate liquidated damages on unexecuted orders	6.88	11.27

5.3 Capital commitment

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	391.22	118.56

Notes forming part of the Standalone Financial Statements

5.4 Other Commitments

5.4.1 The Company has given letter of comfort/undertaking to one of the step-down subsidiary's bankers for credit facilities availed by that step-down subsidiary. As per the terms of letter of comfort/undertaking, the Company undertakes not to divest its ownership interest directly or indirectly in the step-down subsidiary beyond specified percentage.

5.4.2 The Company has incorporated 'Kirloskar Advanced Systems Private Limited' as a Wholly Owned Subsidiary Company w.e.f. 30 March 2026 wherein the Company have decided to keep the initial investment upto ₹ 9 Crores.

5.4.2 The Board of Directors of the Company at its meeting held on 11 February 2026, has approved the further Investment in 3,200 equity shares of AED 1,000 per share at aggregate consideration of AED 3.20 million (Approx. ₹ 8 Crores) of Kirloskar International ME FZE, UAE ("KIME") a wholly owned subsidiary of the Company. This further investment is to meet working capital requirement of KIME and acquisition of Kirloskar Trading SA (PTY) Limited, Johannesburg, South Africa (KTSPL - a Promoter Group Company of KOEL) by KIME.

5.5 Payment to Auditors (net of taxes)

₹ in Crores

Sr. No	Particulars	2025-26	2024-25
a	Statutory Auditors		
i	As auditors		
	Audit fees	0.46	0.41
	Limited review	0.07	0.07
	Total (i)	0.53	0.48
ii	Certification fees and assurance services	0.03	0.02
iii	Reimbursement of expenses	0.02	0.01
	Total (a) = [(i)+(ii)+(iii)]	0.58	0.51
b	Cost Auditors		
i	As auditors	0.09	0.08
ii	In other capacity		
	Certification fees	0.00	-
iii	Reimbursement of expenses	0.00	0.00
	Total (b) = [(i)+(ii)+(iii)]	0.09	0.08
	Total (a+b)	0.67	0.59

5.6 The Sales for the current year includes an amount of ₹ 13.43 Crores (31 March 2025: ₹ 1.31 Crores) on account of supplies to SEZ.

5.7 The Company has amounts due to suppliers under "The Micro, Small and Medium Enterprises Development Act 2006" (MSMED Act) as at 31 March 2026 and as at 31 March 2025. The disclosure pursuant to the said Act is as under:

₹ in Crores

Particulars	2025-26	2024-25
Principal outstanding to MSME suppliers	145.09	90.34
Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.22	0.41
Interest due and payable to suppliers under MSMED Act, for the payments already made	0.00	0.01
Interest due on principal amount remaining unpaid as on year end date	0.01	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.28	0.27

Notes forming part of the Standalone Financial Statements

5.8 Revenue recognition

a. Disaggregation of revenue

Set out below is the disaggregation of the Company's revenue from contracts with its customers:

For the year ended 31 March 2026

₹ in Crores

Business*	Total
Power Gen Business	2,598.33
Industrial Business	1,444.07
Distribution & Aftermarket Business	968.38
International Business	593.08
Total	5,603.85

For the year ended 31 March 2025

₹ in Crores

Business*	Total
Power Gen Business	1,968.85
Industrial Business	1,181.24
Distribution & Aftermarket Business	842.97
International Business	488.40
Total	4,481.46

* Refer Note 39A on discontinued operations. w.e.f. 1 April 2025, Farm Mechanisation business has been reorganised from B2C business segment to B2B business segment. Previous period figures have been restated accordingly.

b. Revenue recognised in relation to contract liabilities

Movement of contract liabilities.

₹ in Crores

Particulars	31 March 2026	31 March 2026
Contract liabilities at the beginning of the year	152.06	71.67
Add / (Less):		
Consideration received during the year as advance	119.05	199.57
Written off/refund/cancellation	(2.89)	(0.15)
Revenue recognised from contract liabilities*	(132.29)	(119.03)
Contract liabilities at the end of the year	135.93	152.06

* Includes revenue of ₹ 59.30 Crores (31 March 2025: ₹ 38.34 Crores) during the year from its contract liabilities as on 1 April 2025. Contract liabilities are presented in Note 23 & Note 28 as "Advance from customer" and "Revenue received in advance."

Notes forming part of the Standalone Financial Statements

5.8 Revenue recognition (Contd..)

c. Information about performance obligation

- i The Company is mainly in the business of manufacturing and trading of engines, gensets and related spares. The Company also provides after sales services such as annual maintenance contract, extended warranty etc.
- ii The Company generally recognises revenue in case of goods, when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery as per the terms of contracts in domestic and in case of export on the date of bill of lading.

In case of services, where performance obligation is satisfied at a point in time, revenue is generally recognised upon completion of services and on obtaining work completion certificates from the customers. In contracts under which performance obligation satisfied over a period of time, revenue is generally recognised either according to stage of completion or on straight line basis depending upon the type of services provided. The stage of completion is determined based on the contractual terms.

When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis.

The payment is due from the date of invoice and payment terms are generally in the range of 0 to 90 days depending on product/market segment and market channel excluding some exceptions.

- iii The Company provides to its customers warranties in the forms of repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".

d. Unsatisfied performance obligations as at the end of the year:

As on 31 March 2026, the Company has unsatisfied performance obligations of **₹ 172.91 Crores (31 March 2025: ₹ 182.22 Crores)**. The Company expects that ₹ 103.20 Crores will be recognised as revenue in financial year 2026-27 and remaining in subsequent years based on contractual terms.

e. Asset recognised for cost incurred to obtain a contract and cost incurred to fulfil contract

As on 31 March 2026, the Company has recognised an asset of **₹ 11.07 Crores (31 March 2025: ₹ 2.99 Crores)** for cost incurred to obtain and fulfil the contracts. The asset recognised is included in Note 15 Other current asset: Prepaid expenses.

f. Reconciliation of the Company's revenue from contract with customers and contract price:

₹ in Crores		
Particulars	2025-2026	2024-2025
Contract price	5,672.25	4,537.70
Adjustment for:		
Contract liabilities: Discounts, incentives & late delivery charges	(68.39)	(56.24)
Revenue from contracts with customers	5,603.85	4,481.46

Notes forming part of the Standalone Financial Statements

5.9: Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of **₹ 19.20 Crores (31 March 2025: ₹ 17.97 Crores)** is recognised as expenses and included in Note 35 "Employee benefit expense"

B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

- (a) Gratuity
(b) Pension, Post retirement medical scheme and Long-term award scheme

31 March 2026: Changes in defined benefit obligation and plan assets

Particulars	1 April 2025	Cost charged to Statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in Other comprehensive income (OCI)					Contributions by employer	Transfer Out**	31 March 2026
		Service cost		Net interest expense	Sub-total included in Statement of profit and loss (Note 35)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
		Current	Past											
Gratuity														
Defined benefit obligation	(70.92)	(8.81)	(2.58)	(4.51)	(15.90)	3.07	-	2.43	(0.75)	1.68	-	4.03	(78.05)	
Fair value of plan assets	55.38	-	-	3.53	3.53	(2.98)	-	(0.27)	0.34	0.07	-	(2.55)	53.45	
Benefit/(Liability)	(15.54)	(8.81)	(2.58)	(0.99)	(12.38)	0.09	-	2.16	(0.42)	1.74	-	1.49	(24.60)	
Pension, post retirement medical scheme and long-term award scheme														
Defined benefit obligation	(2.65)	(0.03)	-	(0.17)	(0.20)	0.34	-	0.06	(0.22)	(0.17)	-	-	(2.68)	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Benefit/(Liability)	(2.65)	(0.03)	-	(0.17)	(0.20)	0.34	-	0.06	(0.22)	(0.17)	-	-	(2.68)	
Total benefit/(liability)	(18.19)	(8.84)	(2.58)	(1.16)	(12.58)	0.43	-	2.22	(0.64)	1.58	-	1.49	(27.28)	

*The Company has transferred 195 employees from KOEL to its subsidiary.

5.9: Disclosure pursuant to Employee benefits (Contd..)
31 March 2025: Changes in defined benefit obligation and plan assets

Particulars	1 April 2024	Cost charged to Statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in Other comprehensive income					Contributions by employer	31 March 2025	
		Service cost		Sub-total included in Statement of profit and loss (Note 35)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
		Current	Past										
Gratuity													
Defined benefit obligation	(61.62)	(7.32)	-	(4.21)	(11.53)	6.36	-	-	(2.64)	(1.51)	(4.15)	-	(70.92)
Fair value of plan assets	51.91	-	-	3.73	3.73	(6.32)	-	-	(0.16)	0.23	0.07	6.00	55.38
Benefit/(Liability)	(9.71)	(7.32)	-	(0.48)	(7.80)	0.04	-	-	(2.80)	(1.28)	(4.07)	6.00	(15.54)
Pension, Post retirement medical scheme and Long-term award scheme													
Defined benefit obligation	(2.83)	(0.03)	-	(0.19)	(0.22)	0.28	-	-	(0.06)	0.18	0.12	-	(2.65)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit/ (Liability)	(2.83)	(0.03)	-	(0.19)	(0.22)	0.28	-	-	(0.06)	0.18	0.12	-	(2.65)
Total benefit/ (liability)	(12.54)	(7.35)	-	(0.67)	(8.02)	0.32	-	-	(2.86)	(1.10)	(3.95)	6.00	(18.19)

Notes forming part of the Standalone Financial Statements

5.9: Disclosure pursuant to Employee benefits (Contd..)

C. Other long-term employment benefits

The Company has Compensated Absences plan which is covered by other long-term employment benefits

31 March 2026: Changes in defined benefit obligation and plan assets of Compensated absences

₹ in Crores

Particulars	1 April 2025	Cost charged to Statement of profit and loss				Benefit paid	Contributions by employer	Transfer out*	31 March 2026	
		Service cost		Interest cost	Actuarial changes arising from various assumption					Sub-total included in statement of profit and loss (Note 35)
		Current	Past							
Compensated absences										
Defined benefit obligation	(27.99)	(3.80)	-	(1.79)	0.13	(5.46)	1.49	-	1.17	
Fair value of plan assets	-	-		-	-	-	-	-	-	
Benefit/(Liability)	(27.99)	(3.80)		(1.79)	0.13	(5.46)	1.49	-	(30.79)	

*The Company has transferred 195 employees from KOEL to its subsidiary.

31 March 2025: Changes in defined benefit obligation and plan assets of Compensated absences

₹ in Crores

Particulars	1 April 2024	Cost charged to statement of profit and loss				Benefit paid	Contributions by employer	31 March 2025
		Service cost*	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 35)			
Compensated absences								
Defined benefit obligation	(33.93)	3.35	(2.33)	1.93	2.95	2.99	-	(27.99)
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit/(Liability)	(33.93)	3.35	(2.33)	1.93	2.95	2.99	-	(27.99)

*The leave encashment policy has been revised from 1 October 2024 wherein the salary considered for encashment has been changed from Gross to Basic for some of the grades.

D. Other disclosures

For Gratuity, the major categories of plan assets and the percentage that each major category constitutes of the fair value of the total plan assets are as follows:

Particulars	₹ in Crores	
	31 March 2026	31 March 2025
Insured managed funds (₹ in Crores)	53.45	55.38
(%) of total plan assets	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Company’s plans are shown below:

Notes forming part of the Standalone Financial Statements

5.9: Disclosure pursuant to Employee benefits (Contd..)

Particulars	31 March 2026	31 March 2025
Discount rate	7.10%	6.70%
Future salary increase	7.00%-10.00%	7.00%-10.00%
Expected rate of return on plan assets	6.70%	7.20%
Expected average remaining working lives (in years)		
Gratuity	9.17	9.41
Pension, Post retirement medical scheme and Long-term award scheme	7.03-7.50	7.59 - 8.33
Compensated Absences	9.18	9.41
Withdrawal rate (based on grade and age of employees)		
Gratuity	0%-12%	0%-12%
Pension, Post retirement medical scheme and Long-term award scheme	0.00%	0.00%
Compensated Absences	0%-12%	0%-12%

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

₹ in Crores				
Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)		
		31 March 2026	31 March 2025	
Discount rate	1% Increase	5.56	5.11	
	1% Decrease	(6.32)	(5.84)	
Future salary increase	1% Increase	(5.42)	(4.98)	
	1% Decrease	4.88	4.48	
Withdrawal rate	1% Increase	0.58	0.61	
	1% Decrease	(0.65)	(0.68)	

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Pension, Post retirement medical scheme and Long-term award scheme

₹ in Crores				
Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)		
		31 March 2026	31 March 2025	
Discount rate	1% Increase	0.11	0.11	
	1% Decrease	(0.12)	(0.13)	
Withdrawal rate	1% Increase	0.00	0.00	
	1% Decrease	-	-	

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Notes forming part of the Standalone Financial Statements

5.9: Disclosure pursuant to Employee benefits (Contd..)

The followings are the expected future benefit payments for the defined benefit plan:

₹ in Crores		
Particulars	31 March 2026	31 March 2025
Within the next 12 months (next annual reporting period)		
Gratuity	9.3	8.24
Pension, Post retirement medical scheme and Long-term award scheme	0.35	0.35
Between 2 and 5 years		
Gratuity	31.8	25.80
Pension, Post retirement medical scheme and Long-term award scheme	1.27	1.31
Beyond 5 years		
Gratuity	66.6	39.28
Pension, Post retirement medical scheme and Long-term award scheme	1.27	1.36
Total expected payments	110.59	76.34

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	31 March 2026	31 March 2025
	Years	Years
Gratuity	9.65	9.21
Pension, Post retirement medical scheme and Long-term award scheme	5.2-7.01	6.06 - 7.91

The followings are the expected contributions to planned assets for the next year:

₹ in Crores		
Particulars	31 March 2026	31 March 2025
Gratuity	10.00	10.00

Risk Exposure

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

- Discount rate risk:** Variations in the discount rate used to compute the present value of the liabilities may see small, but in practise can have a significant impact on the defined benefit liabilities.
- Future salary escalation and inflation risk:** Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.
- Asset-Liability mismatch risk:** Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements.
- Asset risks:** Plan assets are maintained in a self-managed trust fund managed by a public sector insurer viz. LIC and partly managed by private sector insurers.

Notes forming part of the Standalone Financial Statements

5.9: Disclosure pursuant to Employee benefits (Contd..)

LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. Also interest rate and inflation risk are taken care of.

With other private insurers, the company has opted for a unit-linked fund which is market linked with options to invest in equity funds. The company has the option to structure the portfolio based on its risk appetite providing an opportunity to earn market linked returns. But there is an investment risk here which is borne by the company. A single account is maintained for both investment and claim settlement and hence 100% liquidity is ensured.

- e. Unfunded Plan Risk:** This represents unmanaged risk and a growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility from the balance sheet and better manages defined benefit risk through increased returns.

Funding policy:

There is no compulsion on the part of the Company to fully prefund the liability of the Gratuity Plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

5.10 The Company mainly operates in the business of manufacturing of Engines wherein two customer based reportable segments have been identified namely - Business to Business ("B2B") and Business to Customer ("B2C") (upto 10 October 2025 - refer Note 39A). However, post transfer of net assets of B2C business segment, the Company operates in a segment of B2B only at standalone level. Further, as per para 4 of Ind AS 108 "Operating Segments", the Company is required to disclose segment information only in the Consolidated Financial Statements. Accordingly, disclosure of this information has been included under Consolidated Financial Statements.

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder

a Description of related parties

i Name of the related party and nature of relationship where control exists:

Sr. No.	Nature of Relationship	Name of Related Party
1	Entities controlled by the Company (the Company controlling > 50% of voting power)	Kirloskar Americas Corporation (KAC), USA (wholly owned subsidiary of the Company) KOEL Fluid Dynamics Private Limited (KFD) (formerly known as La-Gajjar Machineries Private Limited (LGM), Ahmedabad (wholly owned subsidiary of the Company) Arka Financial Holdings Private Limited (AFHPL), Mumbai (wholly owned subsidiary of the Company) Arka Fincap Limited (AFL), Mumbai (step-down subsidiary of the Company) Arka Investment Advisory Services Private Limited (AIASPL), Mumbai (wholly owned subsidiary of AFHPL and step-down subsidiary of the Company) Engines LPG, LLC dba Wildcat Power Gen, USA (wholly owned subsidiary of KAC and step-down subsidiary of the Company w.e.f. 29 November 2023) Kirloskar International ME FZE, UAE (wholly owned subsidiary of the Company w.e.f. 7 January 2025) Kirloskar Advanced Systems Private Limited (wholly owned subsidiary of the Company w.e.f. 30 March 2026)
2	Associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).	ESVA Pumps India Private Limited (ESVA), Coimbatore (Joint Venture of Optiqua Pipes and Electricals Private Limited (OEPL) upto 25 March 2024 and Joint Venture of LGM w.e.f. 26 March 2024 upto 28 September 2024)
3	Entities controlled by Key Managerial Personnel	Beluga Whale Capital Management Pte Limited Snow Leopard Technology Ventures LLP

Notes forming part of the Standalone Financial Statements

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

Sr. No.	Nature of Relationship	Name of Related Party
4	Entities controlled by Close Member of Key Managerial Personnel	Kirloskar Energen Private Limited (upto 11 March 2025) Navsai Opportunities Private Limited (formerly known as Navsai Investments Private Limited- name change w.e.f. 22 February 2025) Gumtree Capital Advisors LLP Snow Leopard Infrastructure-1 LLP Snow Leopard Lever Boost LLP Cephlopod Teknik - V LLP (upto 24 March 2025) Binaza Consult Private Limited (earlier known as Binaza Travels Private Limited) Indifour Consult Private Limited Alotoxl Ventures LLP Cephalopod Teknik VI LLP (w.e.f. 4 March 2024 upto 24 March 2025) Paragon Greensutra Private Limited Cephalopod Teknik - VII LLP (w.e.f. 3 October 2024) Snow Leopard Momentum-III LLP (w.e.f. 21 July 2025 upto 18 January 2026) Snow Leopard Momentum IV LLP (w.e.f. 21 January 2026)
5	Promoter/Promoter group which hold(s) 10% or more shareholding	Atul Kirloskar Rahul Kirloskar
6	Post-employment benefit plan of the Company and subsidiary company	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund Kirloskar Oil Engines Limited Employees' Gratuity Trust Kirloskar Oil Engines Limited Officers' Superannuation Scheme Kirloskar Oil Engines Limited Officers' Superannuation Trust Kirloskar Oil Engines Limited Employees' Welfare Trust La-Gajjar Machineries Private Limited Employees Group Gratuity Trust

ii Key Managerial Personnel and their relatives:

Sr. No	Name	Name of relatives	Relationship
1	Gauri Kirloskar (Managing Director)	Atul Kirloskar Arti Kirloskar Christopher Kolenaty Maya Kolenaty Pia Kolenaty	Father Mother Husband Daughter Daughter

b Transactions with related parties

₹ in Crores					
Sr. No	Nature of the transaction / relationship / name of parties	2025-26		2024-25	
		Amount	Amount	Amount	Amount
1	Sales				
	Subsidiary Company (including step-down subsidiary)	80.41		41.93	
	Kirloskar Americas Corporation		15.17		18.55
	Engines LPG, LLC dba Wildcat Power Gen		4.94		23.38
	Kirloskar International ME FZE		60.30		-
	Total	80.41	80.41	41.93	41.93

Notes forming part of the Standalone Financial Statements

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder(Contd..)

₹ in Crores

Sr. No	Nature of the transaction / relationship / name of parties	2025-26		2024-25	
		Amount	Amount	Amount	Amount
2	Purchases of goods				
	Subsidiary Company	27.66		61.19	
	KOEL Fluid Dynamics Private Limited (KFD)		27.66		61.19
	Associate or joint venture of Subsidiary Company	-		9.02	
	ESVA Pumps India Private Limited		-		9.02
	Total	27.66	27.66	70.21	70.21
3	Slump Sale				
	Subsidiary Company	18.88		-	
	KOEL Fluid Dynamics Private Limited (KFD)		18.88		
	Total	18.88	18.88	-	-
4	Rendering of services by				
	Key Managerial Personnel	8.17		5.24	
	Gauri Kirloskar		8.17		5.24
	Close member of Key Managerial Personnel	1.88		1.86	
	Atul Kirloskar		1.88		1.86
	Promoter & Promoter group holding 10% or more shares	0.39		0.35	
	Rahul Kirloskar		0.39		0.35
	Total	10.44	10.44	7.45	7.45
5	Expenses paid / (recovery) of				
	Subsidiary Company (including step-down subsidiary)	(5.68)		(2.91)	
	Kirloskar Americas Corporation		(5.68)		(0.77)
	Engines LPG, LLC dba Wildcat Power Gen		-		(2.14)
	Key Management Personnel	0.26		0.12	
	Gauri Kirloskar		0.26		0.12
	Close member of Key Managerial Personnel	0.48		0.07	
	Atul Kirloskar		0.48		0.07
	Total	(4.94)	(4.94)	(2.72)	(2.72)
6	Reimbursement / (recovery) of expenses				
	Subsidiary Company	(2.95)		(3.67)	
	KOEL Fluid Dynamics Private Limited (KFD)		(5.30)		(3.67)
	Kirloskar Advanced Systems Private Limited		(0.31)		
	Kirloskar International ME FZE		2.66		
	Key Managerial Personnel	0.08		0.12	
	Gauri Kirloskar		0.08		0.12
	Close member of Key Managerial Personnel	0.24		0.07	
	Atul Kirloskar		0.24		0.07
	Total	(2.63)	(2.63)	(3.48)	(3.48)

Notes forming part of the Standalone Financial Statements

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder(Contd..)

₹ in Crores

Sr. No	Nature of the transaction / relationship / name of parties	2025-26		2024-25	
		Amount	Amount	Amount	Amount
7	Interim dividend and final dividend paid				
	Key Managerial Personnel	3.74		3.45	
	Gauri Kirloskar		3.74		3.45
	Close member of Key Managerial Personnel	11.64		10.74	
	Atul Kirloskar		9.54		8.80
	Arti Kirloskar		2.10		1.94
	Entity controlled by Close member of Key Managerial Personnel	0.06		0.06	
	Navsai Opportunities Private Limited		0.06		0.06
	Promoter & Promoter group holding 10% or more shares	11.56		10.67	
	Rahul Kirloskar		11.56		10.67
	Total	27.00	27.00	24.92	24.92
8	Investment made				
	Subsidiary Company	18.93		20.88	
	Kirloskar Americas Corporation		17.76		20.88
	Kirloskar International ME FZE		1.17		-
	Total	18.93	18.93	20.88	20.88
9	Interest accrued on preference share investment				
	Subsidiary Company	3.96		3.98	
	KOEL Fluid Dynamics Private Limited (KFD)		3.96		3.98
	Total	3.96	3.96	3.98	3.98
10	Contributions Paid				
	Post-employment benefit plan of the Company	1.57		8.28	
	Kirloskar Oil Engines Limited Officers' Superannuation Scheme		1.53		2.27
	Kirloskar Oil Engines Limited Officers' Superannuation Trust		0.04		0.01
	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund		-		6.00
	Total	1.57	1.57	8.28	8.28
11	Loan repayment from				
	Subsidiary Company	-		10.72	
	KOEL Fluid Dynamics Private Limited (KFD)		-		10.72
	Total	-	-	10.72	10.72
12	Interest received on term loan given				
	Subsidiary Company	-		0.04	
	KOEL Fluid Dynamics Private Limited (KFD)		-		0.04
	Total	-	-	0.04	0.04
13	Redemption of Preference Shares				
	Subsidiary Company	(8.50)		-	
	KOEL Fluid Dynamics Private Limited (KFD)		(8.50)		-



Notes forming part of the Standalone Financial Statements

- 5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder(Contd..)

₹ in Crores

Sr. No	Nature of the transaction / relationship / name of parties	2025-26		2024-25	
		Amount	Amount	Amount	Amount
14	Sale of Investment				
	Subsidiary Company	0.00		-	
	KOEL Fluid Dynamics Private Limited (KFD)		0.00		-
	Total	(8.50)	(8.50)	-	-
	Outstanding balances				
1	Accounts payables (including financial and other liabilities)				
	Subsidiary Company	22.16		5.37	
	Kirloskar Americas Corporation		9.40		2.70
	KOEL Fluid Dynamics Private Limited (KFD)		10.10		2.67
	Kirloskar International ME FZE		2.66		-
	Key Management Personnel				
	Commission	6.72		4.09	
	Gauri Kirloskar		6.72		4.09
	Close member of Key Managerial Personnel	1.82		1.82	
	Atul Kirloskar		1.82		1.82
	Promoter & Promoter group holding 10% or more shares	0.30		0.30	
	Rahul Kirloskar		0.30		0.30
	Post-employment benefit plan of the Company	24.72		15.75	
	Kirloskar Oil Engines Limited Officers' Superannuation Scheme		0.12		0.18
	Kirloskar Oil Engines Limited Officers' Superannuation Trust		0.00		0.03
	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund		24.60		15.54
	Total	55.72	55.72	27.33	27.33
2	Accounts receivables (including financial and other assets)				
	Subsidiary Company (including step-down subsidiary)	90.70		36.46	
	Kirloskar Americas Corporation		19.35		10.71
	KOEL Fluid Dynamics Private Limited (KFD)		6.25		6.28
	Engines LPG, LLC dba Wildcat Power Gen		11.17		19.47
	Kirloskar Advanced Systems Private Limited		0.31		-
	Kirloskar International ME FZE		53.62		-
	Total	90.70	90.70	36.46	36.46
3	Investments				
	Subsidiary Company	1,535.75		1,507.61	
	Kirloskar Americas Corporation		61.07		43.32
	KOEL Fluid Dynamics Private Limited (KFD)		422.02		411.64
	Arka Financial Holdings Private Limited		1,052.65		1,052.65
	Kirloskar International ME FZE		1.17		-
	Total	1,535.75	1,535.75	1,507.61	1,507.61

Notes forming part of the Standalone Financial Statements

- 5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder(Contd..)

Transactions with related parties are inclusive of indirect taxes, wherever applicable.

The above figures do not include provision for gratuity and leave encashment, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for gratuity and leave encashment.

Terms and conditions of transactions with related parties

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances (other than loans and investments) at the year end are unsecured and interest free and the settlement occurs in cash and cash equivalents. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2026, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (**31 March 2025: ₹ Nil**). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

- (i) The Company has not provided any commitment to the related parties as at 31 March 2026 (**31 March 2025: ₹ Nil**) except to Kirloskar Advanced Systems Private Limited towards initial investment in Kirloskar Advanced Systems Private Limited upto ₹ 9 Crores.
- (ii) The Board of Directors of the Company at its meeting held on 11 February 2026, has approved the further Investment in 3,200 equity shares of AED 1,000 per share at aggregate consideration of AED 3.2 million (Approx. ₹ 8 Crore) of Kirloskar International ME FZE, UAE ("KIME") a wholly owned subsidiary of the Company. This further investment is to meet working capital requirement of KIME and acquisition of Kirloskar Trading SA (PTY) Limited, Johannesburg, South Africa (KTSPL - a Promoter Group Company of KOEL) by KIME.

Transactions with Key Managerial Personnel

Compensation of Key Managerial Personnel of the Company

₹ in Crores

Particulars	2025-26	2024-25
Short-term employee benefits	8.17	5.24
Post employment benefits	-	-
Total compensation to Key Managerial Personnel	8.17	5.24

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Managerial Personnel is included in the total provision for gratuity and leave encashment.

Notes forming part of the Standalone Financial Statements

5.12 Earnings per share (Basic and Diluted)

Particulars	2025-26	2024-25
Continuing operations:		
Profit for the year after taxation (₹ in Crores)	441.50	389.82
Total number of equity shares at the end of the year (One equity share of face value of ₹ 2 each fully paid up)	14,53,59,674	14,51,79,689
Weighted average number of equity shares for the purpose of computing Basic earnings per share (number of shares)	14,52,87,359	14,50,88,686
Basic earnings per share (in ₹)	30.39	26.87
Effect of dilution		
Stock option granted under ESOP (number of shares)	1,68,159	3,10,964
Weighted average number of equity shares for the purpose of computing Diluted earnings per share (number of shares)	14,54,55,518	14,53,99,650
Diluted earnings per share (in ₹)	30.35	26.81
Discontinued operations:		
Profit for the year after taxation (₹ in Crores)	19.52	42.11
Basic earnings per share (in ₹)	1.34	2.90
Diluted earnings per share (in ₹)	1.34	2.90
From continuing and discontinued operations:		
Basic earnings per share (in ₹)	31.73	29.77
Diluted earnings per share (in ₹)	31.69	29.71

Earnings per share are calculated in accordance with Indian accounting standard (Ind AS 33) “Earnings Per Share”.

5.13 Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g., Investments at FVTPL, loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities (e.g., Trade payables and other payables and others) approximate their carrying amounts.

The Company has performed a fair valuation of its material investment in unquoted ordinary shares other than subsidiary, which are classified as FVOCI or FVTPL (refer Note 3). For non-material investments, the Company believes that impact of change, if any, on account of fair value is insignificant.

Fair value of unquoted investment in Mutual fund is determined by reference to Net Asset Value (‘NAV’) available from respective Assets Management Companies (‘AMC’).

5.14 Fair value measurement hierarchy

a. The following table provides the fair value measurement hierarchy of financial instruments

Particulars	Note	Carrying Amount	Level of input used in		
			Level 1	Level 2	Level 3
As at 31 March 2026					
Financial Assets					
Investment at FVTPL					
Mutual funds	9	109.95	-	109.95	-
Unquoted preference shares	3	0.00	-	-	0.00
Investments at FVOCI					
Unquoted equity shares	3	0.92	-	-	0.92

Notes forming part of the Standalone Financial Statements

5.14 Fair value measurement hierarchy (Contd..)

Particulars	Note	Carrying Amount	Level of input used in		
			Level 1	Level 2	Level 3
Other financial assets at FVTPL					
Derivative assets	13	-	-	-	-
Assets held for sale	14	-	-	-	-
Financial liabilities					
Other financial liabilities at FVTPL					
Derivative liabilities	27	11.41	-	11.41	-
As at 31 March 2025					
Financial Assets					
Investment at FVTPL					
Mutual funds	9	278.73	-	278.73	-
Unquoted preference shares	3	0.00	-	-	0.00
Investments at FVOCI					
Unquoted equity shares	3	0.94	-	-	0.94
Other financial assets at FVTPL					
Derivative assets	13	1.76	-	1.76	-
Assets held for sale	14	-	-	-	-
Financial liabilities					
Other financial liabilities at FVTPL					
Derivative liabilities	27	-	-	-	-

b. Significant unobservable inputs used in level 3 fair value measurements and sensitivity of the fair value measurement to changes in unobservable inputs:

i Description of significant unobservable inputs used for financial instruments (level 3):

Investment in equity shares of Kirloskar Management Seviles Private Limited (KMSPL) and Kirloskar Proprietary Limited (KPL) was valued using the Discounted Cash Flow (Risk adjusted discount rate) valuation method.

ii Relationship of unobservable inputs to level 3 fair values:

Equity investments - Unquoted

A 50 bps increase/decrease in the Perpetuity growth rate used while keeping all other variables constant, the carrying value of the shares would increase by ₹ 0.03 Crores (31 March 2025: ₹ 0.02 Crores) or decrease by ₹ 0.03 Crores (31 March 2025 : ₹ 0.02 Crores) and a 50 bps increase/decrease in discounting factor used while keeping all other variables constant, the carrying value of the shares would decrease by ₹ 0.04 Crores (31 March 2025: ₹ 0.04 Crores) or increase by ₹ 0.04 Crores (31 March 2025: ₹ 0.04 Crores).

5.15 Financial instruments risk management objectives and policies

The Company’s principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Company’s operations. The Company’s principal financial assets include Investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Company also enters into derivative transactions.

Notes forming part of the Standalone Financial Statements

5.15 Financial instruments risk management objectives and policies (Contd..)

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the Company's financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

a. 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, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2026 and 31 March 2025

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2026 and 31 March 2025 including the effect of hedge accounting.

Interest rate risk

i. Exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

₹ in Crores		
Particulars	31 March 2026	31 March 2025
Long term variable interest loans	49.13	79.13

ii. Interest rate sensitivity

₹ in Crores			
Financial Year	Change in Interest Rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2026	Increase 50 bps	(0.32)	(0.32)
	Decrease 50 bps	0.32	0.32
31 March 2025	Increase 50 bps	(0.18)	(0.18)
	Decrease 50 bps	0.18	0.18

The sensitivity is calculated only in respect of floating interest rate loan. It is calculated by changing the interest rates by 50 bps keeping all other factors constant.

Notes forming part of the Standalone Financial Statements

5.15 Financial instruments risk management objectives and policies (Contd..)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

Amounts in Foreign currencies in 000's			
Nature of exposure	Currency	31 March 2026	31 March 2025
Receivables	USD	25,212.24	24,888.12
	EUR	13.68	9.45
Payables	USD	3,121.92	1,025.10
	EUR	1,262.39	122.74
	GBP	225.08	10.73
	NPR	856.87	1,207.29
	CHF	0.00	1.88
	BDT	244.84	1,016.94

The Company manages its foreign currency risk by hedging transactions related to sales and purchases. This foreign currency risk is hedged by using foreign currency forward contracts. As on 31 March 2026 and 31 March 2025, the Company has hedged the following of its total foreign currency exposure -

Derivatives outstanding as at the reporting date -

Amounts in Foreign Currency			
Nature of exposure	Currency	31 March 2026	31 March 2025
Foreign Currency- Forward Contracts	USD	2,50,00,000	2,09,40,000

The Company has mark to market gain/(loss) on foreign currency forward contract of **₹ 11.41 Crores (31 March 2025: ₹ 1.76 Crores)**.

Foreign currency sensitivity on unhedge exposure-

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the Company's profit before tax. The Company's exposure to foreign currency changes for all other currencies is not material.

₹ in Crores			
As at	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2026	+5%	10.47	10.47
	-5%	(10.47)	(10.47)
31 March 2025	+5%	10.20	10.20
	-5%	(10.20)	(10.20)

Notes forming part of the Standalone Financial Statements

5.15 Financial instruments risk management objectives and policies (Contd..)

₹ in Crores

As at	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2026	+5%	(0.68)	(0.68)
	-5%	0.68	0.68
31 March 2025	+5%	(0.05)	(0.05)
	-5%	0.05	0.05

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of engines and therefore require a continuous supply of copper and steel. However, Company being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the Company. Hence, the Company does not foresee any direct or immediate risk with respect to such commodity price fluctuation.

Other Price Risk

The Company's portfolio of investments mainly consists of debt mutual fund with short term maturity. Hence management believes that this portfolio is not significantly susceptible to market risk.

b. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class /type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

The Company consistently recognizes provision for any significantly delayed receivables, for accounting of expected credit loss, with respect to the provision made for the receivables against sales of Gensets to a specific customer in prior years, the (income) or expense in the Statement of Profit and loss for the year ended **31 March 2026 was ₹ Nil** and **₹ (41.47)** Crores in FY 2024-2025.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss, if any.

Notes forming part of the Standalone Financial Statements

5.15 Financial instruments risk management objectives and policies (Contd..)

c. Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

₹ in Crores

Particulars	Carrying Amount as at year end	On demand	upto 3 months	> 3 months to 1 year	1 year to 5 years	More than 5 years	Total
31 March 2026							
Interest bearing borrowings	104.39	-	62.76	22.50	19.13	-	104.39
Other financial liabilities	169.53	48.95	101.33	11.23	-	8.03	169.53
Lease liabilities	26.48	-	4.72	13.89	9.59	-	28.20
Trade payables	768.60	1.28	761.22	6.10	-	-	768.60
Total	1,069.00	50.23	930.03	53.72	28.72	8.03	1,070.73
31 March 2025							
Interest bearing borrowings	129.42	-	57.79	22.50	49.13	-	129.42
Other financial liabilities	127.43	21.13	82.25	9.99	-	14.06	127.43
Lease liabilities	45.16	-	5.03	14.93	29.90	-	49.86
Trade payables	650.64	1.09	647.51	2.04	-	-	650.64
Total	952.65	22.22	792.58	49.46	79.03	14.06	957.35

5.16 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 31 March 2025.

Notes forming part of the Standalone Financial Statements

5.17 Leases

a. Lessee accounting

Lease liabilities movement

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Lease liabilities at beginning of the year	45.16	2.51
Add: Lease liabilities recognised during the year	5.36	54.02
Add: Interest on lease liabilities	2.75	2.24
Less: Derecognize during the year	(7.26)	-
Less: Lease rental payments	(19.53)	(13.62)
Lease liabilities at the end of the year	26.48	45.16

Rental expenses recorded for short-term leases for current year is ₹ 3.44 Crores (31 March 2025: ₹ 16.13 Crores)

b. Lessor accounting

The Company is a lessor in the operating lease. The subject of these transactions is primarily aircraft leasing. There is definitive binding agreement between lessor and lessee defining rights and obligation with respect to underlying assets which in substance mitigates the Company's risk.

Property, plant and equipment provided on operating lease as at 31 March 2026 and 31 March 2025 are as follows:

₹ in Crores		
Particulars	31 March 2026	31 March 2025
Opening gross block	-	27.45
Addition	-	-
Deduction*	-	(27.45)
Closing gross block	-	-
Opening accumulated depreciation	-	25.44
Depreciation for the year	-	0.93
Deduction	-	(26.37)
Closing accumulated depreciation	-	-
Net block	-	-

Lease income generated during the year is ₹ Nil (31 March 2025: ₹ 0.92 Crores).

*During the previous year ended 31 March 2025, the Company sold an aircraft that was previously subject to an operating lease agreement. The asset was disposed off for a total consideration of ₹ 21.98 Crores, the net profit arising on sale of this aircraft is ₹ 20.90 Crores.

Notes forming part of the Standalone Financial Statements

5.18 Expenditure on Corporate social responsibility ("CSR") activities

a.	Sr. No.	Particulars	2025-26	2024-25
	1	Gross amount required to be spent by the Company during the year	9.47	7.19
	2	Amount approved by the Board to be spent during the year	9.48	7.20
	3	Amount spent during the year on:		
		(i) Construction/Acquisition of any asset	-	-
		(ii) On purpose other than (i) above	9.48	7.20
	4	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-
	5	The total of previous years' shortfall amounts	-	-
	6	The reason for above shortfalls	NA	NA
	7	The nature of CSR activities undertaken by the Company	Refer Note c below	Refer Note c below
	8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	-	-

b. No transaction have taken place during the year related to CSR expenditure with the trust/society/Section 8 company which is controlled by related party of the Company as defined in Ind AS 24 "Related Party Disclosures".

c. The Company has undertaken CSR activities relating to promoting education, rural development, livelihood enhancement, ensuring environmental sustainability and maintaining quality of water, promoting rural sports, preventive health care and sanitation during the current and previous year.

5.19 Employee stock option plans (ESOP)

The Company provides share based employee benefits to the employees of the Company and its subsidiaries. The relevant details of the schemes and the grant are as below:

Description of share-based payment arrangements

As at 31 March 2026, the Company has the following share based payment arrangements -

KOEL ESOP 2019 - Share option plans (equity settled)

According to the Scheme, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period.

The Employees Stock Option Plan 2019 - (KOEL ESOP 2019) was approved by the shareholders of the Company in AGM conducted on 9 August 2019 for issue of maximum 14,00,000 options representing 14,00,000 equity shares of ₹ 2 each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the Company, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 5 March 2021 had approved the grant of 9,40,000 employee stock options ("Options") to eligible employees of the Company. Each option shall carry the right to be issued one fully paid up equity share of ₹ 2/- each.

The Members of the Company at the Annual General Meeting of Kirloskar Oil Engines Limited held on 12 August 2021, passed a resolution amending the Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary company, in or out of India except such subsidiary company(ies) which are formed and engaged in financial service business.

Notes forming part of the Standalone Financial Statements

5.19 Employee stock option plans (ESOP) (Contd.)

Grant dated 7 August 2024 (KFD Employees)

Particulars	31 March 2026			31 March 2025		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	12,000		3.86	-		NA
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	-		NA	12,000		NA
Forfeited/Lapsed during the year	12,000		NA	-		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	-	656.67	NA	-	656.67	NA
Exercised and pending allotment at the end of the year	-		NA	-		NA
Outstanding at the end of the year	-		-	12,000		3.86
Exercisable at the end of the year	-		-	-		-

Grant dated 6 August 2025 (KOEL Employees)

Particulars	31 March 2026			31 March 2025		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-		NA	-		NA
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	21,129		NA	-		NA
Forfeited/Lapsed during the year	-		NA	-		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	-	519.06	NA	-	-	NA
Exercised and pending allotment at the end of the year	-		NA	-		NA
Outstanding at the end of the year	21,129		3.85	-		NA
Exercisable at the end of the year	-		-	-		NA

c. Significant assumptions used to estimate the fair value of options:

Variables	KOEL Employees (Tranche I)	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)	KOEL Employees (Tranche IV)	KOEL Employees (Tranche V)	KFD Employees (Tranche I)	KFD Employees (Tranche II)
1. Risk free interest rate	5.22%	6.66%	6.99%	6.71%	5.86%	5.16%	6.71%
2. Expected life (in years)	3.44	3.50	3.51	3.50	3.50	3.50	3.50
3. Expected volatility	37.85%	40.93%	44.42%	44.05%	43.32%	39.66%	44.05%
4. Dividend yield	1.88%	2.25%	2.40%	2.20%	1.83%	2.00%	2.20%
5. Price of the underlying share in market at the time of the option grant (₹)	171.90	146.55	445.60	1,094.45	865.10	214.80	1,094.45
6. Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes

Notes forming part of the Standalone Financial Statements

5.19 Employee stock option plans (ESOP) (Contd.)

d. Options vested but not exercised

Grant Date	(Number of Options)	
	31 March 2026	31 March 2025
5 March 2021	32,064	1,08,504
27 October 2021	1,175	1,125
18 May 2022	16,667	9,440
10 August 2023	2,500	875
7 August 2024	52,788	-
6 August 2025	-	-

e. Weighted average remaining contractual life of outstanding options (in years)

Particulars	KOEL Employees (Tranche I)	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)	KOEL Employees (Tranche IV)	KOEL Employees (Tranche V)	KFD Employees (Tranche I)	KFD Employees (Tranche II)
The weighted average contractual life of options outstanding as on 31 March 2026	0.93	1.69	2.77	3.01	3.85	1.19	-
The weighted average contractual life of options exercisable as on 31 March 2026	0.93	0.95	1.36	1.35	-	1.19	-

f. Effect of share based payment transactions on the Company's financial statements:

Particulars	₹ in Crores	
	31 March 2026	31 March 2025
Share based payment to employees	6.60	8.22
Total ESOP reserve outstanding at the end of the year	12.43	10.28

For the options granted to employees of subsidiary company, the Company has recovered the cost from the subsidiary company. During the year, the Company received ₹ 0.04 Crores (31 March 2025: ₹ 0.10 Crores) against the receivable accrued for cost recovery.

42 (Net Debt)/Surplus reconciliation

Analysis of net debt and the movements in net debt for the year ended 31 March 2026 and 31 March 2025:

Particulars	₹ in Crores	
	31 March 2026	31 March 2025
Cash and cash equivalents including other bank balances*	546.04	299.15
Investment in mutual funds	109.95	278.73
Non-current borrowings	(19.13)	(49.13)
Current borrowings	(85.26)	(80.29)
(Net Debt)/Surplus	551.60	448.46

Particulars	Other assets			Liabilities from financing activities		Total
	Cash and cash equivalents	Other bank balances*	Investment in mutual funds	Non-current borrowings	Current borrowings	
(Net Debt)/Surplus as on 31 March 2025	73.18	225.97	278.73	(49.13)	(80.29)	448.46
Cash Inflow/outflow	47.17	199.72	(168.78)	30.00	(4.97)	103.14
(Net Debt)/Surplus as on 31 March 2026	120.35	425.69	109.95	(19.13)	(85.26)	551.60

* Bank balances other than Cash and cash equivalents excludes earmarked balances and balances held as security.

Notes forming part of the Standalone Financial Statements

43 Salient features of the financial statements of subsidiary for the year ended 31 March 2026

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

₹ in Crores

Sr No.	Particulars	*Kirloskar Americas Corporation (KAC)	**KOEL Fluid Dynamics Private Limited (KFD)	***Arka Financial Holdings Private Limited (AFHPL)	****Kirloskar International ME FZE (KIME)	*****Kirloskar Advanced Systems Private Limited (KASPL)
a	The date since when subsidiary was Acquired / Incorporated	23 June 2015	1 August 2017	13 July 2021	7 January 2025	30 March 2026
b	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA
c	Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries	USD	INR	INR	AED	INR
d	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	94.85	-	-	25.82	-
e	Share capital	159	2.14	1,052.65	1.17	-
f	Reserves and surplus	(7.24)	175.22	310.49	4.67	(0.23)
g	Total assets	81.52	575.71	6,751.45	75.45	-
h	Total liabilities	132.26	398.35	5,388.29	69.61	0.31
i	Investments	-	-	328.72	-	-
j	Turnover	69.84	1,121.58	873.49	54.48	-
k	Profit / (Loss) before tax	(22.63)	90.79	90.40	5.90	(0.31)
l	Tax expense/ (income)	(2.70)	23.58	22.70	-	(0.08)
m	Profit / (Loss) after tax	(19.93)	67.21	67.70	5.90	(0.23)
n	Proposed dividend	-	-	-	-	-
o	% of shareholding	100%	100%	100%	100%	NA

*KAC includes Engines LPG, LLC dba Wildcat Power Gen (Subsidiary of KAC) w.e.f. 29 November 2023 i.e. on a consolidated basis.

** KOEL Fluid Dynamics Private Limited (KFD) (formerly known as La-Gajjar Machineries Private Limited (LGM) (name change w.e.f. 8 January 2026). KFD includes share of profit of ESVA Pumps India Private Limited (ESVA - joint venture of KFD) i.e. on a consolidated basis upto 28 September 2024 as the joint venture arrangement between ESVA and KFD was terminated with effect from 28 September 2024 and ESVA ceased to be a Joint venture of KFD.

***AFHPL includes "Arka Investment Advisory Services Private Limited" (AIASPL) (wholly owned subsidiary of the AFHPL) and "Arka Fincap Limited" (subsidiary of AFHPL) w.e.f. 4 March 2022 i.e. on a consolidated basis.

**** Kirloskar International ME FZE (wholly owned subsidiary of the Company) was incorporated on 7 January 2025, and the Company has invested ₹ 1.17 Crores in the share capital on 30 June 2025. KIME commenced its business operations in financial year 2025-26.

***** Kirloskar Advanced Systems Private Limited (wholly owned subsidiary of the Company) was incorporated on 30 March 2026, and the Company will be investing ₹ 9 Crores in the initial share capital of KASPL. KASPL is yet to commence business operations.

Notes forming part of the Standalone Financial Statements

44 Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder is as follows:

Subsidiary Companies

- a. Kirloskar Americas Corporation (including its subsidiary Engines LPG, LLC dba Wildcat Power Gen)

There are no loans and advances in the nature of loans granted/advanced by the subsidiary company to firms/companies in which Directors are interested except to the extent disclosed in Note 46 of the Financial Statements.

There are no loans and advances in the nature of loans granted/ advanced by the Company to the subsidiary.
- b. KOEL Fluid Dynamics Private Limited (formerly known as La-Gajjar Machineries Private Limited)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/ advanced by the Company to the subsidiary.
- c. Arka Financial Holdings Private Limited (including both of its subsidiary AFL and AIASPL)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.
- d. Kirloskar International ME FZE (wholly owned subsidiary w.e.f. 7 January 2025)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.
- e. Kirloskar Advanced Systems Private Limited (wholly owned subsidiary w.e.f. 30 March 2026)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.

Notes forming part of the Standalone Financial Statements

45 Relationship with struck off companies

The Company did not enter into any transaction with Companies struck off from Registrars of Companies (ROC) records for the year ended 31 March 2026 and 31 March 2025 except as reported below -

Amount in ₹				
Name of the struck off company	Nature of transactions with struck off company	Balance outstanding* as at 31 March 2026 (Amount in ₹)	Balance outstanding* as at 31 March 2025 (Amount in ₹)	Relationship with struck off company
Alike Trading Private Limited	Shares held	60	60	Shareholder
	Others - Dividend paid/unpaid	752	577	Shareholder
Dreams Broking Private Limited	Shares held	600	600	Shareholder
	Others - Dividend paid/unpaid	-	-	Shareholder
Gunti & Company Private Limited	Shares held	90	90	Shareholder
	Others - Dividend paid/unpaid	1,400	1,400	Shareholder
Highlands Garments Private Limited	Shares held	30	30	Shareholder
	Others - Dividend paid/unpaid	-	-	Shareholder
Kothari Intergroup Limited	Shares held	2	2	Shareholder
	Others - Dividend paid/unpaid	24	24	Shareholder
Mahila Credit and Investment Company Private Limited	Shares held	30	30	Shareholder
	Others - Dividend paid/unpaid	181	181	Shareholder
R. Sanghi Stock Brokers and Finance Private Limited	Shares held	8	8	Shareholder
	Others - Dividend paid/unpaid	-	-	Shareholder
Knorr Bremse Systems For Commercial Vehicles India Pvt. Ltd.	Payment / Invoice raised	2,61,169	-	Vendor
Wilway Engineering And Construction Private Limited	Payment / Invoice raised	1,47,645	1,47,645	Vendor
Star Wire India Limited	Advance to Vendor	7,29,000	7,29,000	Vendor
Kans Builders Private Limited	Sales & Receipt	-	-	Customer
Shahapur Shopee Private Limited	Sales & Receipt	-	-	Customer
Ravi Sons Private Limited	Sales & Receipt	-	-	Customer

* In case of shareholder, balance outstanding represents face value of the shares held and unpaid dividend thereupon. The amount outstanding excludes dividend transferred to Investor Education and Protection Fund (IEPF).

- Movement in shareholders' balances as at 31 March 2025 vis-à-vis 31 March 2026 is on account of transfer to IEPF during the year.

Notes forming part of the Standalone Financial Statements

46 Disclosures for investments and transactions through/ as an intermediary to Ultimate Beneficiary:

- (a) 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, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries except the following:

A. Details of investments made or loans given to Intermediaries:

For the year ended 31 March 2026

Name of Company	Date of transaction	Nature of transactions	Amount
Subsidiary company:			
Kirloskar Americas Corporation	23 September 2025	Investment in OCRNPS (Optionally Convertible Redeemable Non-Cumulative Preference Shares)	USD 2.00 million (₹ 17.76 Crores)

For the year ended 31 March 2025

Name of Company	Date of transaction	Nature of transactions	Amount
Subsidiary company:			
Kirloskar Americas Corporation	7 May 2024	Investment in OCRNPS (Optionally Convertible Redeemable Non-Cumulative Preference Shares)	USD 2.50 million (₹ 20.88 Crores)

B. Details of further Investments made or Inter Corporate Deposits/Loans given by Intermediary to Ultimate Beneficiary:

For the year ended March 2026

Name of intermediary	Name of ultimate beneficiary	Date of transaction	Nature of transactions	Amount
Subsidiary company:	Step-down subsidiary company:			
Kirloskar Americas Corporation	Engines LPG, LLC dba Wildcat Power Gen	On various dates	Loan	USD 1.23 million (₹ 10.92 Crores)

Notes forming part of the Standalone Financial Statements

46 Disclosures for investments and transactions through/ as an intermediary to Ultimate Beneficiary: (Contd..)

For the year ended 31 March 2025

Name of intermediary	Name of ultimate beneficiary	Date of transaction	Nature of transactions	Amount
Subsidiary companies:		Step-down subsidiary company:		
Arka Financial Holdings Private Limited	Arka Investment Advisory Services Private Limited	On various dates	Equity investment*	₹ 2.71 Crores
		Other Entity:		
	Arka Credit Fund I	On various dates	Investment in units*	₹ 1.25 Crores
Kirloskar Americas Corporation	Engines LPG, LLC dba Wildcat Power Gen	On various dates	Loan [#]	USD 2.56 million (₹ 21.38 Crores)

*Out of the total unutilised amount of ₹ 3.96 Crores with Arka Financial Holding Private Limited (AFHPL) as at 31 March 2024, during the year AFHPL has further invested ₹ 1.25 Crores in units of Arka Credit Fund I and invested balance amount of ₹ 2.71 Crores in the rights issue of Arka Investment Advisory Private Limited (AIASPL).

[#]Includes total unutilised amount of USD 0.21 million (₹ 1.74 Crores) with Kirloskar Americas Corporation (KAC) as at 31 March 2024, during FY 2024-25 which was further advanced to Engines LPG, LLC dba Wildcat Power Gen.

Name of Company	Registered address	Identification No. (CIN/Others)
Arka Investment Advisory Services Private Limited	2504, 2505, 2506, 25 th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, India	U67110MH2022PTC379494
Kirloskar Americas Coporation	33300 Egypt Lane, Suite ₹300, Magnolia, Texas-77354, United States of America	47-4054880
Engines LPG, LLC dba Wildcat Power Gen	930 N Mosley, Wichita, KS 67204, United States of America	2226892
Arka Credit Fund I	2504, 2505, 2506, 25 th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, India	IN/AIF2/22-23/1154
Arka Financial Holdings Private Limited	2504, 2505, 2506, 25 th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, India	U65993MH2021PTC363806

- (b) No funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes forming part of the Standalone Financial Statements

47 Ratios

Sr. No	Ratios	Formulas	31 March 2026 [^]	31 March 2025	% Variance	Reason for variance - ratio exceeding 25%
1	Current Ratio	Current Assets/ Current Liabilities	1.67	1.68	-1%	NA
2	Debt-Equity Ratio	Total Debt/ Shareholder's Equity	0.04	0.06	-38%	Decrease mainly on account of decrease in current borrowings and part repayment of secured term loan availed for immovable property.
3	Debt Service Coverage Ratio	Earnings available for debt service/Debt service	5.34	3.86	38%	Increase mainly on account of decrease in current borrowings and part repayment of secured term loan and increase in net available earnings.
4	Return on Equity Ratio	Net profits after taxes/ Average Shareholder's Equity	13.95%	15.43%	-10%	NA
5	Inventory turnover ratio	Cost of goods sold/ Average Inventory	6.70	6.56	2%	NA
6	Trade Receivables turnover ratio	Net credit Sales / Average accounts Receivable	7.82	8.32	-6%	NA
7	Trade Payables turnover ratio	Net credit Purchases / Average trade Payable	5.35	4.79	12%	NA
8	Net capital turnover ratio	Net Sales /Working Capital	7.03	8.17	-14%	NA
9	Net profit ratio	Net Profit /Net Sales	7.88%	8.51%	-7%	NA
10	Return on Capital employed	Earning before Interest & Tax (PBIT)/Capital Employed	18.24%	19.63%	-7%	NA
11	Return on investment*	Income generated from invested funds/ average funds invested in treasury investments	6.84%	7.53%	-9%	NA

*Treasury investments include mutual funds and fixed deposits.

[^] Amount from continuing operations has been considered for the calculation of the ratios.

48 Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

Signatures to Note 1 to 48 forming part of the Financial Statements.

As per our attached report of even date For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number: 100515W

RAHUL KIRLOSKAR
Chairman (Non-Executive Director)
DIN: 00007319

GAURI KIRLOSKAR
Vice Chairperson and Managing Director
DIN: 03366274

ANAGHA M. NANIVADEKAR
Partner
Membership Number: 121007
Pune: 14 May 2026

RAHUL SAHAI
Chief Executive Officer

SACHIN KEJRIWAL
Chief Financial Officer
ACA: 66309

FARAH IRANI
Company Secretary
ACS: 21182
Pune: 14 May 2026

Independent Auditor’s Report on Consolidated Financial Statements

To The Members of Kirloskar Oil Engines Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Kirloskar Oil Engines Limited (hereinafter referred to as the “Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) which comprise the Consolidated Balance Sheet as at March 31, 2026, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then 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 information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate/consolidated financial statements of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended (‘the Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2026, its consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements’ section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion, on the Consolidated Financial Statements.

Key Audit Matters

Key audit matters are those matters that in our professional judgment and based on the consideration of the reports of the other auditors on Separate / Consolidated Financial Statements and on the other financial information of the subsidiaries were of most significance in our audit of the financial statements for the year ended March 31, 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.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	Revenue Recognition: During the financial year, the Group has recognised revenue from contracts with customers for sale of goods and services of ₹ 6,764.62 Crores (Refer Note 33 of the Consolidated Financial Statements). We have identified revenue recognition as a key audit matter since it involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligation and assessing whether the identified performance obligations are satisfied at a point in time or satisfied over a period of time and determining when the control is transferred.	Our audit procedures to address this key audit matter included, but were not limited to the following: - Obtained an understanding and assessed internal controls and its effectiveness with regards to recognition of revenue. - Analysed major streams of revenue of Group to assess whether the method of revenue recognition is consistent with ‘Ind AS 115, Revenue from Contracts with Customers’ and has been applied consistently. - Focused on contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples. - Tested on sample basis whether revenue transactions near to the reporting date have been recognized in the appropriate period based on terms of the contract.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
2.	Testing of Impairment of Goodwill The Group carries goodwill of ₹ 190.17 Crores resulting from business acquisition of the subsidiary KOEL Fluid Dynamics Private Limited (Formerly known as La- Gajjar Machineries Private Limited) ₹ 184.50 Crores and Step-down subsidiary Engines LPG, LLC doing business as Wildcat Power Gen ₹ 5.67 Crores The Group tests goodwill for impairment annually as per requirement of ‘Ind AS 36, Impairment of Assets’ which involves significant estimates and judgements. Due to inherent uncertainties involved in forecasting of cash flows, which are the basis of the assessment of recoverability of goodwill, this is one of the key judgmental areas. We have identified this as a key audit matter due to the significance of the amount of goodwill to the Consolidated Financial Statements and significant estimates and judgements involved in impairment testing.	- Evaluated and critically analysed on sample basis, the significant judgements and estimates made by the management in applying the accounting policy for allocation of transaction price and the timing of transfer of control. - Analysed the report/information received from independent auditor/ management in case of the subsidiaries which we have not audited. - Critically analysed the adequacy and appropriateness of disclosures required as per ‘Ind AS 115, Revenue from Contracts with Customers’. Our audit procedures did not reveal any significant adjustments with respect to revenue recognition. Our audit procedures to address this key audit matter included, but were not limited to the following: - Obtaining an understanding of the management process and evaluating the design and testing of operating effectiveness of controls over identification of impairment indicators and process followed by the management for impairment testing. - Obtained an understanding of Group’s evaluation of identification of cash generating units and allocation of goodwill to the respective cash generating units. - Evaluated the underlying key assumptions in estimating projections including future cash flows. - Evaluated reasonableness of assumptions and methodologies used by the Group and external experts appointed by the Group. - Analysed external valuation reports, obtained by the Group for its impairment assessment. - Assessed the sensitivity of the outcome of impairment assessment to changes in key assumptions. - Critically analysed the adequacy and appropriateness of disclosures required as per ‘Ind AS 36- Impairment of Assets’. Our audit procedures did not reveal any significant adjustments with respect to testing of goodwill impairment.

The following Key audit matter was included in the audit report dated April 30, 2026, containing an unmodified audit opinion on the separate financial statements of Arka Fincap Limited, a step-down subsidiary of the Holding Company issued by other auditors, reproduced by us as under:

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	Information Technology (IT) systems & controls The step-down subsidiary's key financial accounting and reporting processes are highly dependent on the automated controls over the step-down subsidiary's information systems, such that there exists a risk that gaps in the IT general control environment could result in a misstatement of the financial accounting and reporting records. Accordingly, auditors of step-down subsidiary have considered user access management, segregation of duties and controls over system change over key financial accounting and reporting systems, as a key audit matter.	Our Audit Approach: With the assistance of their IT specialists, auditors of the step-down subsidiary obtained an understanding of the Company's IT applications, databases, and operating systems relevant to financial reporting and the control environment. Auditors of the step-down subsidiary approached with a combination of test of internal controls and substantive procedures on the areas of the IT infrastructure, which majorly focused access security (including controls over privileged access), program change controls, database management and network operations. In particular, the procedures included the following: General IT controls design, observation and operation: - Understood the changes made in the IT environment during the year and ascertained its effect on the financial statements controls and accounts. - Tested key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. User access controls operation: - Obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested resolution of a sample of expectations. Further, auditors of the step-down subsidiary assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights. Application controls: - Auditors of step-down subsidiary tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. - For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures. - The tests also included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Financial Statements.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
2.	Accuracy of recognition, measurement, presentation and disclosures of Impairment of Loans and Advances (Expected Credit Loss) Ind AS 109: Financial Instruments ("Ind AS 109") requires the step-down subsidiary to provide for impairment of its Loan & Advances and Investments ("Financial Instruments") using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability-weighted loss on Financial Instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the step-down subsidiary's loans and advances and Investments. In the process, a significant degree of judgement has been applied by the management for: a. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default' categorically for corporate portfolio, wherein step-down subsidiary's credit risk function also segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data. Impairment allowance for these exposures are reviewed and accounted on a case by case basis. b. Determining effect of less frequent past events on future probability of default. c. Grouping of borrowers based on homogeneity by using appropriate statistical techniques. d. Determining macroeconomic factors impacting credit quality of receivables. e. Data inputs - The application of ECL model requires inputs from several data sources.	Audit Approach: Auditors of the step-down subsidiary approached with a combination of test of internal controls and substantive procedures which included the following: - Evaluating the Company's accounting policies, as approved by the Board of Directors, for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments. - Obtained an understanding of the modelling techniques / models adopted by the Company including the key inputs and assumptions including overlays, if any; - Evaluated the reasonableness of the management estimates by analysing the underlying assumptions and testing of controls around data extraction / validation. - Assessed the criteria for staging of loans based on their past-due status to check compliance with the requirement of Ind-AS 109. Tested samples of Stage 1 loans, to assess whether any SICR or loss indicators were present requiring them to be classified under Stage 2 or Stage 3. - Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. - Performed test of details over calculation of ECL, in relation to the completeness and accuracy of the data; - Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; - Discussed with the management, the approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals. - Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 Financial Instruments: Disclosure ("Ind AS 107"), Ind AS 109 and related RBI circulars.

Other Information

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information included in the Management Discussion and Analysis, Corporate Governance, Business Responsibility and Sustainability Report and Board's 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 Board of Directors is responsible for the preparation and presentation of the Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, the consolidated statement of changes in equity and consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group along with that of the Holding Company are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless their respective Board of Directors or the Board of Directors of the Holding Company 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 along with that of the Holding Company are also responsible for overseeing the financial reporting process of their relevant companies within the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to the Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statement of such entities included in the Consolidated Financial Statements of which we are the

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 audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 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 consolidated financial statements of a subsidiary and standalone financial statements of two other subsidiaries, included in the Consolidated Financial Statement, whose financial statements, before consolidation adjustments, reflect the Group's share of total assets of ₹ 7,402.61 Crores as at March 31, 2026, the Group's share of total income of ₹ 1,818.57 Crores, the Group's share of total net profit of ₹ 125.70 Crores and the Group's share of total comprehensive income of ₹ 157.17 Crores for the year ended March 31, 2026 and net cash outflow of ₹ (13.10) Cores for the year ended as on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors, which along with auditors' reports thereon have been furnished to us by the management of the Holding Company 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 other auditors.

- We did not audit consolidated financial statements of a subsidiary and standalone financial statements of another subsidiary, included in the Consolidated Financial Statements whose financial statements, before consolidation adjustments, reflect the Group's share of total assets of ₹ 81.60 Crores as at March 31, 2026, the Group's share of total income of ₹ 70.22 Crores, the Group's share of total net profit / (loss) of ₹ (20.16) Crores and the Group's share of total comprehensive Income / (loss) of ₹ (20.69) Crores for the year ended March 31, 2026 and cash inflow of ₹ 0.63 Crores for the year ended as on that date as considered in the Consolidated Financial Statements. These consolidated financial statements and standalone financial statements are unaudited and have been furnished to us by the management of the Holding Company 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 such unaudited consolidated financial statements and standalone financial statements respectively. In our opinion and according to the information and explanations given to us by the management of the Holding Company, these financial Statements are not material to the Group.

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 report of the other auditors and the consolidated financial statements and standalone financial statements certified by the respective management.

Report on Other Legal and Regulatory Requirements

- As required by section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on the separate / consolidated financial statements of subsidiaries and the Other Financial Information of subsidiaries as noted in the 'Other Matters' paragraph, we report to the extent applicable that:
 - 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 Consolidated Financial Statements.
 - In our opinion, proper books of account as required by law relating to preparation of the Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the report of the other auditors except for the matters stated in the paragraph 1(h)(vi) below on reporting under Rule 11(g)

- of the Companies (Audit and Auditors) Rules, 2014 (as amended);
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d. In our opinion, the Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2026 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries, incorporated in India, none of the directors of the Group are disqualified as on March 31, 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 the Consolidated Financial Statements of the Holding Company and its subsidiaries incorporated in India and the operating effectiveness of such controls, refer our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company, its subsidiaries incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to the Consolidated Financial Statements.
- g. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided for by the Holding Company, a subsidiary Company and a Step down subsidiary Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate / consolidated financial statements as also the other financial information of the subsidiaries as noted in the 'Other Matters' paragraph:

- (i) The Consolidated Financial Statements disclose the impact, of pending litigations as at March 31, 2026 on the consolidated financial position of the Group, Refer Note 44.6.1 to the Consolidated Financial Statements;
- (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2026.
- (iv)
- (a) The respective managements of the Group have represented to us and the other auditors of the subsidiaries as referred to in the Other Matters paragraph that to the best of their knowledge or belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;
- (b) The respective managements of the Group have represented to us and the other auditors of the subsidiaries as referred to in the Other Matters paragraph that to the best of their knowledge or belief, no funds have been received by the Group from any other person(s) or entity(ies) including foreign entities (funding parties) with the understanding, whether recorded in writing or otherwise, that the Group shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;
- (c) Based on the audit procedures, considered reasonable and appropriate in the circumstances, carried out by us and the other auditors of the subsidiaries as referred to in the Other Matters paragraph, nothing has come to our notice that has caused us to believe that the representation

- under clause (iv)(a) & (iv)(b) contain any material misstatements.
- (v)
- (a) The final dividend proposed for the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The interim dividend declared and paid by the Holding Company during the year and until the date of this report is in compliance with Section 123 of the Act.
- (c) The Board of Directors of the Holding Company have proposed final dividend for the year in accordance with Section 123 of the Act which is subject to the approval of the members at the ensuing Annual General Meeting.
- (d) The dividend declared and paid on preference shares by one of the subsidiaries during the year is in compliance with Section 123 of the Act.
- (vi) According to the information and explanations given to us and based on our examination which included appropriate test checks, and on the basis of reports from the other auditors of a subsidiaries, we report that the Holding Company and its subsidiaries incorporated

- in India have used accounting software for maintaining its books of account which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except for one of the step down subsidiary viz. Arka Fincap Limited where audit trail feature is not enabled at the database level for one of the accounting software to log any direct data changes. Further, except for the accounting software(s) referred above, where the audit trail feature is not enabled at database level, we did not come across any instance of tampering of the audit trail feature during the course of our audit and the audit trail has been preserved by the Group as per the statutory requirements for record retention.
- (vii) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company, and by other auditors of its subsidiaries incorporated in India included in the Consolidated Financial Statements of the Group, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 26121007QIXQGC9105

Anagha M. Nanivadekar
Partner
Membership Number: 121007
Pune, May 14, 2026

Annexure A to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of Kirloskar Oil Engines Limited.

Report on the Internal Financial Controls with reference to the 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 Kirloskar Oil Engines Limited (hereinafter referred to as the “Holding Company”) as at and for the year ended March 31, 2026, we have audited the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Group 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 respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Holding Company’s internal financial controls with reference to the Consolidated Financial Statements of the Holding Company and its subsidiaries which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements and both issued by the Institute of Chartered Accountants of India. 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 the Consolidated 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 internal financial controls with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of 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 Consolidated 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 report referred to in ‘Other Matters’ paragraph below, in respect of Holding Company and its subsidiary companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

Meaning of Internal Financial Controls over financial reporting with reference to the Consolidated Financial Statements

A Company’s internal financial control over financial reporting with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting with reference to the 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 the Consolidated 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 Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to the Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to the Consolidated 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 over financial reporting with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to the Consolidated 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 subsidiaries incorporated in India, have, in all material respects, adequate

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 26121007QIXQGC9105

Anagha M. Nanivadekar
Partner
Membership Number: 121007
Pune, May 14, 2026

internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the respective companies 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.

Other Matter

Our report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, in so far as it relates to audited consolidated financial statements of a subsidiary and audited standalone financial statements of a subsidiary incorporated in India, is based on the corresponding audit reports of the auditors on the consolidated financial statements of the said subsidiary and standalone financial statements of the said subsidiary, incorporated in India.

Our opinion is not modified in respect of the above matter.

Consolidated Balance Sheet

as at 31 March 2026

₹ in Crores			
Particulars	Note No.	As at 31 March 2026	As at 31 March 2025
Assets			
I. Non-current assets			
(a) Property, plant and equipment	1a	915.53	752.93
(b) Capital work-in-progress	1a	60.95	71.06
(c) Right-of-use assets	1b	100.85	99.40
(d) Goodwill	2	190.17	191.43
(e) Other intangible assets	2	120.71	138.88
(f) Intangible assets under development	2	87.69	27.18
(g) Financial assets			
(i) Investments	3	114.24	90.20
(ii) Loans and Receivables of financial services business	4	3,566.42	4,548.43
(iii) Loans	5	0.04	0.01
(iv) Other financial assets	6	205.54	117.98
(h) Deferred tax assets (net)	25a	6.54	4.11
(i) Income tax assets (net)	7	36.99	24.87
(j) Other non-current assets	8	18.66	23.05
Total Non-current assets		5,424.33	6,089.53
II. Current assets			
(a) Inventories	9	743.66	591.30
(b) Financial assets			
(i) Investments	10	325.36	510.52
(ii) Trade receivables	11	953.19	695.86
(iii) Cash and cash equivalents	12a	764.20	741.06
(iv) Bank balances other than (iii) above	12b	486.26	255.52
(v) Loans and Receivables of financial services business	13	1,977.64	1,452.51
(vi) Loans	14	0.04	0.02
(vii) Other financial assets	15	41.24	22.09
(c) Assets held for sale	16	-	-
(d) Current tax assets (net)	17	27.33	26.99
(e) Other current assets	18	109.19	97.00
Total Current assets		5,428.11	4,392.87
Total Assets		10,852.44	10,482.40
Equity and Liabilities			
Equity			
(a) Equity share capital	19	29.07	29.04
(b) Other equity	20	3,591.12	3,057.46
(c) Non-controlling interests		(45.06)	(29.78)
Total Equity		3,575.13	3,056.72
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	3,123.78	3,760.98
(ii) Lease liabilities	22	33.54	34.98
(iii) Other financial liabilities	23	14.18	14.33
(b) Provisions	24	60.99	52.78
(c) Deferred tax liabilities (net)	25b	69.83	28.76
(d) Other non-current liabilities	26	75.39	82.44
Total Non-current liabilities		3,377.71	3,974.27
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	27	2,190.00	1,999.85
(ii) Lease liabilities	28	27.01	22.72
(iii) Trade and other payables	29		
a) total outstanding dues of micro enterprises and small enterprises		196.20	118.39
b) total outstanding dues of creditors other than micro enterprises and small enterprises		750.77	589.92
(iv) Other financial liabilities	30	416.24	425.13
(b) Other current liabilities	31	149.33	161.00
(c) Provisions	32a	170.05	133.39
(d) Current tax liabilities (net)	32b	-	1.00
Total Current liabilities		3,899.60	3,451.41
Total Equity and Liabilities		10,852.44	10,482.40
Material accounting policies	44		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

RAHUL KIRLOSKAR
Chairman (Non-Executive Director)
DIN : 00007319

GAURI KIRLOSKAR
Vice Chairperson and Managing Director
DIN : 03366274

ANAGHA M. NANIVADEKAR
Partner
Membership Number : 121007
Pune : 14 May 2026

RAHUL SAHAI
Chief Executive Officer

SACHIN KEJRIWAL
Chief Financial Officer
ACA : 66309

FARAH IRANI
Company Secretary
ACS : 21182
Pune : 14 May 2026

Consolidated Statement of Profit and Loss

for the year ended 31 March 2026

₹ in Crores			
Particulars	Note No.	2025-2026	2024-2025
Income			
Revenue from operations	33	7,701.01	6,329.14
Other income	34	70.16	46.65
Total income		7,771.17	6,375.79
Expenses			
Cost of raw materials and components consumed	35	3,468.22	2,799.39
Purchase of traded goods	36	1,015.93	744.30
Changes in inventories of finished goods, work-in-progress and traded goods	37	(37.39)	37.72
Employee benefits expense	38	612.42	536.08
Finance costs	39	522.81	482.37
Depreciation and amortisation expense	40	174.04	139.36
Other expenses	41	1,251.76	1,041.73
Expense capitalised		(25.34)	(16.90)
Total expenses		6,982.45	5,764.05
Profit before share of profit/(loss) of joint venture, exceptional items and tax		788.72	611.74
Share of net profit/(loss) of joint venture accounted for using the equity method		-	0.73
Profit before exceptional items and tax		788.72	612.47
Exceptional items [income/(expense)]	42	(32.45)	36.19
Profit before tax from continuing operations		756.27	648.66
Tax expense			
Current tax	43	172.42	145.73
(Excess)/short provision related to earlier years		(1.99)	(0.25)
Deferred tax	43	28.12	29.62
Total tax expense		198.55	175.10
Profit for the year from continuing operations		557.72	473.56
Discontinued operations	43a		
Profit before tax from discontinued operations		4.54	3.02
Tax expense of discontinued operations		(0.20)	0.76
Profit after tax from discontinued operations		4.74	2.26
Profit for the year		562.46	475.82
Other comprehensive income/ (loss)			
A. Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences in translating the financial statements of a foreign operation		(1.66)	0.02
Fair value changes on loans classified under "Hold & Sell" business model		42.66	-
Income tax effect (expenses)/income on above		(10.74)	-
Net other comprehensive income/(loss) that will be reclassified to profit or loss in subsequent periods (A)		30.26	0.02
B. Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gain / (loss) on defined benefit plans		2.49	(5.27)
Income tax (expenses)/income on above		(0.63)	1.33
Subtotal (a)		1.86	(3.94)
Net gain / (loss) on equity instruments measured at fair value through other comprehensive income		(0.00)	(0.27)
Income tax (expenses)/income on above		0.00	0.10
Subtotal (b)		0.00	(0.17)
Share of other comprehensive income of joint venture accounted using the equity method (net of tax) (c)		-	0.00
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (B) = (a)+(b)+(c)		1.86	(4.11)
Total other comprehensive income/(loss) for the year, net of tax (A+B)		32.12	(4.09)
Total comprehensive income/(loss) for the year		594.58	471.73
Profit for the year attributable to:			
Owners of the Company		574.32	489.15
Non-controlling interest		(11.86)	(13.33)
		562.46	475.82
Other comprehensive income/(loss) attributable to:			
Owners of the Company		35.54	(3.58)
Non-controlling interest		(3.42)	(0.51)
		32.12	(4.09)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		609.86	485.57
Non-controlling interest		(15.28)	(13.84)
		594.58	471.73
Earnings per equity share (nominal value per share ₹ 2/- (31 March 2025: ₹ 2/-))			
For continuing operations			
a) Basic (₹)		39.20	33.55
b) Diluted (₹)		39.05	33.44
For discontinued operations			
a) Basic (₹)		0.33	0.16
b) Diluted (₹)		0.33	0.16
For continuing and discontinued operations			
a) Basic (₹)		39.53	33.71
b) Diluted (₹)		39.38	33.60
Material accounting policies	44		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

RAHUL KIRLOSKAR
Chairman (Non-Executive Director)
DIN : 00007319

GAURI KIRLOSKAR
Vice Chairperson and Managing Director
DIN : 03366274

ANAGHA M. NANIVADEKAR
Partner
Membership Number : 121007
Pune : 14 May 2026

RAHUL SAHAI
Chief Executive Officer

SACHIN KEJRIWAL
Chief Financial Officer
ACA : 66309

FARAH IRANI
Company Secretary
ACS : 21182
Pune : 14 May 2026

Consolidated Statement of Cash Flow

for the year ended 31 March 2026

₹ in Crores		
Particulars	2025-26	2024-25
Cash flow from operating activities		
Profit before tax from continuing operations	756.27	648.66
Profit/(loss) before tax from discontinued operations	4.54	3.02
Adjustments:		
Add:		
Depreciation and amortisation expense	174.24	139.79
Finance costs (excluding financial services business)	24.20	22.49
Share based compensation to employees	13.65	9.19
Impairment loss allowance on trade receivable / other receivable (net)	68.92	19.12
Bad debts and irrecoverable balances written off	0.38	0.17
(Gain)/ loss on fair valuation of derivative instruments	13.52	(1.72)
(Gain)/ loss on fair valuation of investments measured at fair value through profit or loss (net)	0.65	(8.78)
Write down / (reversal) in write down of inventories & others (net)	21.20	27.26
	316.76	207.52
Less :		
Gain on lease modifications and derecognition	0.21	0.53
Profit/(loss) on reinstatment on receivables/payables	13.63	(0.43)
Gain on sale of investments measured at FVTPL (net)	41.51	38.06
Gain on sale of aircraft	-	20.90
Gain on derecognition of financial assets measured at amortised cost	41.03	46.76
Gain on disposal of property, plant and equipment (net)	1.23	6.13
Provisions no longer required written back	2.26	1.37
Interest income	40.53	28.06
Gain / (loss) on sale of undertaking	4.25	-
Unwinding of subsidy receivable under Package Scheme of Incentives (PSI), 2001 and security deposit	1.03	1.22
Reversal of provision for impairment	-	15.29
Sundry credit balances written back	3.05	0.98
Share of net profit of joint venture	-	0.73
Dividend income	0.00	0.00
	148.73	159.60
Operating profit before working capital changes	928.84	699.60
Working Capital Adjustments		
(Increase) / Decrease in loans and loans & receivables of financial services business	431.68	(1,348.76)
(Increase) / Decrease in government grant receivables	1.02	7.14
(Increase) / Decrease in trade and other receivables	(338.62)	38.06
(Increase) / Decrease in inventories	(175.84)	27.47
Increase / (Decrease) in trade and other payables	220.94	(26.66)
Increase / (Decrease) in provisions	47.89	22.21
	187.07	(1,280.54)
Net cash used in operations	1,115.91	(580.94)
Income tax paid (net of refunds)	(183.70)	(158.55)
Net cash generated from/ (used in) operating activities	932.21	(739.49)

Consolidated Statement of Cash Flow

for the year ended 31 March 2026

₹ in Crores		
Particulars	2025-26	2024-25
Cash flow from investing activities		
Purchase of property, plant and equipment (PPE) and intangible assets	(339.82)	(308.25)
(Purchase)/ Sale of investments (net)	201.28	(48.87)
Redemption from / (Investment in) fixed deposit	(231.26)	(244.87)
Proceeds from sale of PPE and other intangible assets including advance	2.31	51.69
Proceeds from sale of undertaking (net)	10.70	-
Dividend received	0.00	0.00
Interest received	36.11	27.50
Net cash generated from/ (used in) investing activities	(320.68)	(522.80)
Cash flow from financing activities		
Proceeds from bill discounting and borrowings	2,199.94	4,380.57
Repayment of bill discounting and borrowings	(2,646.99)	(2,744.64)
Final and interim dividend paid	(94.44)	(87.07)
Finance costs	(19.17)	(18.64)
Payment for lease liabilities including initial cost	(32.90)	(22.83)
Share issuance expense of a subsidiary	-	(0.07)
Proceeds from issuance of share capital including securities premium	4.28	2.35
Share application money pending allotment	0.32	0.33
Net cash generated from/ (used in) financing activities	(588.96)	1,510.00
Net increase/(decrease) in cash and cash equivalents	22.57	247.71
Opening cash and cash equivalents	741.06	492.90
Effect of foreign exchange on cash and cash equivalents	0.57	0.45
Closing cash and cash equivalents (Refer note 12a)	764.20	741.06

Notes

- The above cash flow statement have been prepared under the indirect method as set out in the Indian Accounting Standard Ind AS 7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015
- Income tax paid is treated as arising from operating activities and are not bifurcated between investing and financing activities.
- The above cash flow statement includes cash flow from discontinued operations. Refer Note 43a.
- All figures in brackets indicate cash outflow

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**

RAHUL KIRLOSKAR

GAURI KIRLOSKAR

Chartered Accountants

Chairman (Non-Executive Director)

Vice Chairperson and Managing Director

Firm Registration Number : 100515W

DIN : 00007319

DIN : 03366274

ANAGHA M. NANIVADEKAR

RAHUL SAHAI

SACHIN KEJRIWAL

FARAH IRANI

Partner

Chief Executive Officer

Chief Financial Officer

Company Secretary

Membership Number : 121007

ACA : 66309

ACS : 21182

Pune : 14 May 2026

Pune : 14 May 2026

Consolidated Statement of Changes in Equity

for the year ended 31 March 2026

A. Equity share capital (Refer Note 19)

Equity shares of ₹ 2 each issued, subscribed and fully paid

Particulars	₹ in Crores	
	No. of shares	Amount
As at 1 April 2024	14,49,56,271	28.99
Changes due to prior period errors	-	-
Restated balance as at 1 April 2024	14,49,56,271	28.99
Issue/Reduction, if any during the year	2,23,418	0.05
As at 31 March 2025	14,51,79,689	29.04
Changes due to prior period errors	-	-
Restated balance as at 1 April 2025	14,51,79,689	29.04
Issue/Reduction, if any during the year	1,79,985	0.03
As at 31 March 2026	14,53,59,674	29.07

B. Other equity and Non-controlling interest (Refer Note 20)

Particulars	Attributable to the owners of the Company										Non-controlling interests	Total
	Reserves and Surplus					Items of OCI						
	Share application money pending allotment	Capital redemption reserve	General reserve	Statutory reserve	Employee stock option reserve	Retained earnings	Securities premium	Equity instruments through other comprehensive income	Debt instruments through other comprehensive income	Foreign currency translation reserve		
As at 1 April 2024	0.41	0.20	608.71	37.22	15.65	1,978.21	6.01	0.49	-	0.32	2,647.22	2,631.28
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2024	0.41	0.20	608.71	37.22	15.65	1,978.21	6.01	0.49	-	0.32	2,647.22	2,631.28
Profit/(loss) for the year	-	-	-	-	-	489.15	-	-	-	-	489.15	475.92
Other comprehensive income/(loss) for the year (net of tax)	-	-	-	-	-	(3.94)	-	(0.17)	-	0.53	(3.58)	(4.09)
Total comprehensive income/(loss) for the year	-	-	-	-	-	485.21	-	(0.17)	-	0.53	485.57	471.73
Shares issued during the year	(0.05)	-	-	-	-	-	4.96	-	-	-	4.91	4.91
Transferred to Securities premium	(2.72)	-	-	-	(2.24)	-	-	-	-	-	(4.96)	-
Share based payment expense	-	-	-	-	9.18	-	-	-	-	-	9.18	9.18
Expenses on issue of equity shares	-	-	-	-	-	(0.07)	-	-	-	-	(0.07)	(0.07)
Final dividend for year ended 31 March 2024	-	-	-	-	-	(50.78)	-	-	-	-	(50.78)	(50.78)
Interim dividend for year ended 31 March 2025	-	-	-	-	-	(36.29)	-	-	-	-	(36.29)	(36.29)
Amount received on exercise of employee stock option	2.69	-	-	-	-	-	-	-	-	-	2.69	2.69
Transfer on account of employee stock options not exercised	-	-	0.19	-	(1.69)	1.50	-	-	-	-	-	-
Transfer to Special Reserve under Section 45-1C of The Reserve Bank of India Act, 1934	-	-	-	16.07	-	(16.07)	-	-	-	-	-	-
As at 31 March 2025	0.33	0.20	608.90	53.29	20.90	2,361.70	10.97	0.32	-	0.85	3,057.46	3,027.68

Consolidated Statement of Changes in Equity

for the year ended 31 March 2026

B. Other equity and Non-controlling interest (Refer Note 20) (Contd..)

Particulars	Attributable to the owners of the Company										Non-controlling interests	Total
	Reserves and Surplus					Items of OCI						
	Share application money pending allotment	Capital redemption reserve	General reserve	Statutory reserve	Employee stock option reserve	Retained earnings	Securities premium	Equity instruments through other comprehensive income	Debt instruments through other comprehensive income	Foreign currency translation reserve		
As at 1 April 2025	0.33	0.20	608.90	53.29	20.90	2,361.70	10.97	0.32	-	0.85	3,057.46	3,027.68
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2025	0.33	0.20	608.90	53.29	20.90	2,361.70	10.97	0.32	-	0.85	3,057.46	3,027.68
Profit/(loss) for the year	-	-	-	-	-	574.32	-	-	-	-	574.32	562.46
Other comprehensive income/(loss) for the year (net of tax)	-	-	-	-	-	1.86	-	0.00	31.92	1.77	35.54	32.12
Total comprehensive income/(loss) for the year	-	-	-	-	-	576.18	-	0.00	31.92	1.77	609.86	594.58
Shares issued during the year	(0.03)	-	-	-	-	-	8.30	-	-	-	8.27	8.27
Transferred to Securities premium	(4.58)	-	-	-	(3.72)	-	-	-	-	-	(8.30)	-
Share based payment expense	-	-	-	-	13.65	-	-	-	-	-	13.65	13.65
Final dividend for the year ended 31 March 2025	-	-	-	-	-	(58.10)	-	-	-	-	(58.10)	(58.10)
Interim dividend for the year ended 31 March 2026	-	-	-	-	-	(36.34)	-	-	-	-	(36.34)	(36.34)
Amount received on exercise of employee stock option	4.60	-	-	-	-	-	-	-	-	-	4.60	4.60
Transfer to Retained earnings	-	8.50	-	-	-	(8.50)	-	0.03	-	-	0.03	0.03
Transfer on account of employee stock options not exercised	-	-	0.63	-	(3.33)	2.69	-	-	-	-	(0.01)	(0.01)
Transfer to Special Reserve under Section 45-1C of The Reserve Bank of India Act, 1934	-	-	-	13.72	-	(13.72)	-	-	-	-	-	-
As at 31 March 2026	0.32	8.70	609.53	67.01	27.50	2,823.90	19.27	0.35	31.92	2.62	3,591.12	3,546.04
Material accounting policies	44											
The accompanying notes are an integral part of the financial statements.												

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

ANAGHA M. NANIVADEKAR
Partner
Membership Number : 121007
Pune: 14 May 2026

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Chairman (Non-Executive Director)
DIN: 00007319

RAHUL SAHAI
Chief Executive Officer

GAURI KIRLOSKAR
Vice Chairperson and Managing Director
DIN:03366274

SACHIN KEJRIWAL
Chief Financial Officer
ACA :66309

FARAH IRANI
Company Secretary
ACS: 21182
Pune: 14 May 2026

Notes to the Consolidated Financial Statements

Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress

Particulars	Lease hold improvements	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Aircraft	Office Equipment	Computers & peripherals	Electrical Installations	Total	Capital work-in-progress
₹ in Crores											
Gross block											
As at 1 April 2024	9.01	204.16	1,268.63	31.12	15.43	27.45	8.18	82.38	41.72	1,688.08	252.06
Additions	2.53	250.47	106.56	11.79	2.93	-	7.81	24.70	9.69	416.48	231.32
Reclassification	(3.11)	2.64	-	0.02	-	-	0.45	-	-	-	-
Currency translation differences	-	-	0.03	-	0.02	-	-	-	-	0.05	-
Deductions	-	(2.76)	(31.19)	(0.78)	(1.92)	(27.45)	(0.45)	(21.37)	(0.65)	(86.57)	(412.32)
As at 31 March 2025	8.43	454.51	1,344.03	42.15	16.46	-	15.99	85.71	50.76	2,018.04	71.06
Additions	3.00	13.68	209.39	6.53	6.22	-	3.45	25.70	3.43	271.40	246.04
Reclassification	-	-	0.01	0.08	-	-	(0.09)	-	-	-	-
Currency translation differences	0.04	-	0.09	0.01	0.10	-	-	0.01	-	0.25	0.05
Deductions	(0.14)	(0.92)	(24.65)	(1.32)	(1.29)	-	(1.68)	(11.90)	(0.52)	(42.42)	(256.20)
As at 31 March 2026	11.33	467.27	1,528.87	47.45	21.49	-	17.67	99.52	53.67	2,247.27	60.95
Accumulated depreciation											
As at 1 April 2024	3.46	88.33	998.34	25.35	9.94	25.46	5.49	68.32	36.66	1,261.35	-
For the year	1.38	10.61	58.80	2.68	1.90	0.93	1.49	7.34	1.42	86.55	-
Reclassification	(3.07)	2.60	-	0.02	-	-	0.45	-	-	-	-
Currency translation differences	-	-	0.02	-	0.03	-	-	-	-	0.05	-
Deductions	-	(2.53)	(29.26)	(0.66)	(1.87)	(26.38)	(0.46)	(21.32)	(0.35)	(82.84)	-
As at 31 March 2025	1.77	99.01	1,027.90	27.39	10.00	-	6.97	54.34	37.73	1,265.11	-
For the year	1.81	14.24	66.44	3.37	2.76	-	2.42	12.89	1.94	105.87	-
Reclassification	-	-	-	0.06	-	-	(0.06)	-	-	0.00	-
Currency translation differences	-	-	0.03	-	0.06	-	-	-	-	0.09	-
Deductions	(0.06)	(0.49)	(22.43)	(1.23)	(1.13)	-	(1.62)	(11.87)	(0.50)	(39.33)	-
As at 31 March 2026	3.52	112.76	1,071.94	29.59	11.69	-	7.71	55.36	39.17	1,331.74	-
Net block											
As at 31 March 2025	6.66	355.50	316.13	14.76	6.46	-	9.02	31.37	13.03	752.93	71.06
As at 31 March 2026	7.81	354.51	456.93	17.86	9.80	-	9.96	44.16	14.50	915.53	60.95

Notes to the Consolidated Financial Statements

Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress (Contd..)

Notes :

- For Depreciation, refer Note 44.5.3 for accounting policy.
- Capital work-in-progress (CWIP) comprises cost of assets that are not yet ready for their intended use at the Balance sheet date. Refer below Note 8 and Note 9 for CWIP ageing schedule and CWIP completion schedule.
- Title deeds in respect of immovable properties are in the name of the the group and are not held jointly.
- There are no proceedings initiated or pending against the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988
- Borrowing cost of ₹ Nil (31 March 2025: ₹ 4.85 Crores) capitalised as per Ind AS 23 "Borrowings Cost" on qualifying asset.
- Depreciation of discontinued operations is ₹ 0.03 Crores (31 March 2025 : ₹ 0.43 Crores)
- Note 1a of Property, plant and equipment includes assets at Research & Development facility, the details of which are as under.

Property, plant and equipment : Research and Development facility (Below figures are included in Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress)

₹ in Crores							
Particulars	Buildings	Plant & Equipment	Furniture & Fixture	Office Equipment	Computers	Electrical Installation	Total
Gross block							
As at 1 April 2024	-	121.05	4.89	0.05	3.01	3.73	132.73
Additions	0.42	14.73	-	0.04	2.39	0.09	17.67
Inter transfers - net	-	(0.09)	-	-	(0.15)	(0.09)	(0.33)
Deductions	-	-	-	(0.01)	(0.17)	-	(0.18)
As at 31 March 2025	0.42	135.69	4.89	0.08	5.08	3.73	149.89
Additions	-	27.89	-	0.10	0.06	0.03	28.08
Inter transfers - net	-	-	(0.73)	-	(0.02)	-	(0.75)
Deductions	-	(0.02)	-	(0.02)	(0.17)	-	(0.21)
As at 31 March 2026	0.42	163.56	4.16	0.16	4.95	3.76	177.01
Accumulated depreciation							
As at 1 April 2024	-	81.14	4.33	0.05	1.79	3.07	90.38
For the year	-	7.58	0.28	-	0.57	0.17	8.60
Inter transfers - net	-	(0.09)	-	-	(0.15)	(0.01)	(0.25)
Deductions	-	-	-	(0.01)	(0.17)	-	(0.18)
As at 31 March 2025	-	88.63	4.61	0.04	2.04	3.23	98.55
For the year	0.01	8.78	0.24	0.01	0.89	0.18	10.11
Inter transfers - net	-	-	(0.71)	-	(0.01)	-	(0.72)
Deductions	-	(0.02)	-	(0.02)	(0.17)	-	(0.21)
As at 31 March 2026	0.01	97.39	4.14	0.03	2.75	3.41	107.73
Net block							
As at 31 March 2025	0.42	47.06	0.28	0.04	3.04	0.50	51.34
As at 31 March 2026	0.41	66.17	0.02	0.13	2.20	0.35	69.28

Notes to the Consolidated Financial Statements

Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress (Contd..)

8. Capital work-in-progress ageing schedule for the year ended 31 March 2026 and 31 March 2025 is as follows:

As at 31 March 2026

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	54.86	5.18	0.71	0.20	60.95
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2025

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	68.70	2.10	0.23	0.03	71.06
Projects temporarily suspended	-	-	-	-	-

9. Capital work-in progress : Expected completion schedule for projects having time overrun:

As at 31 March 2026

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 4	1.29	-	-	-	1.29

As at 31 March 2025

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 3	-	-	-	-	-
Project : Plant Consolidation - Land & Building	-	-	-	-	-
Project : Plant Consolidaton - Electric fittings	-	-	-	-	-
Project : Plant Consolidation - Plant Machinery	-	-	-	-	-

Notes to the Consolidated Financial Statements

Note 1b : Right-of-use ("ROU") assets

₹ in Crores

Particulars	Category of Right-of-use assets			Total
	Land	Building	Furniture & Fixtures	
Balance as at 1 April 2024	43.59	14.62	-	58.21
Addition	-	62.26	0.89	63.15
Deletion	-	(1.35)	-	(1.35)
Amortisation	(0.47)	(19.83)	(0.31)	(20.61)
Balance as at 31 March 2025	43.12	55.70	0.58	99.40
Addition	-	38.31	-	38.31
Deletion	-	(7.37)	-	(7.37)
Amortisation	(0.47)	(29.28)	(0.31)	(30.06)
Currency translation differences	-	0.57	-	0.57
Balance as at 31 March 2026	42.65	57.93	0.27	100.85

- The aggregate amortisation expense on Right-of-use (ROU) assets is included under depreciation and amortisation expense in the Statement of Profit and Loss. (Refer Note 40)
- Depreciation of discontinued operations is ₹ 0.15 Crores
- Refer Note 44.6.15 for additional disclosures.

Note 2 : Other intangible assets, Goodwill and Intangible assets under development

₹ in Crores

Particulars	Computer Software	Drawings & Designs	Brand	Customer Relationship	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total	Goodwill	Intangible assets under development
Gross block									
As at 1 April 2024	87.89	12.91	7.44	45.74	54.63	138.13	346.74	191.43	40.61
Additions	8.51	-	-	-	30.53	40.07	79.11	-	65.69
Deductions	(0.29)	-	-	-	-	-	(0.29)	-	(79.12)
As at 31 March 2025	96.11	12.91	7.44	45.74	85.16	178.20	425.56	191.43	27.18
Additions	9.80	9.79	-	-	-	0.86	20.45	-	80.72
Inter transfers	0.07	(0.07)	-	-	-	-	-	-	-
Deductions	(0.07)	-	(0.42)	(0.01)	(0.30)	-	(0.80)	(1.26)	(20.21)
As at 31 March 2026	105.91	22.63	7.02	45.73	84.86	179.06	445.21	190.17	87.69
Accumulated amortisation									
As at 1 April 2024	58.93	12.00	3.25	45.74	35.86	98.54	254.32	-	-
For the year	9.68	0.16	0.51	-	7.47	14.81	32.63	-	-
Deductions	(0.27)	-	-	-	-	-	(0.27)	-	-

Notes to the Consolidated Financial Statements

Note 2 : Other intangible assets, Goodwill and Intangible assets under development (Contd..)

₹ in Crores									
Particulars	Computer Software	Drawings & Designs	Brand	Customer Relationship	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total	Goodwill	Intangible assets under development
As at 31 March 2025	68.34	12.16	3.76	45.74	43.33	113.35	286.68	-	-
For the year	9.71	0.26	0.48	-	10.28	17.58	38.31	-	-
Deductions	(0.07)	-	(0.18)	(0.01)	(0.23)	-	(0.49)	-	-
As at 31 March 2026	77.98	12.42	4.06	45.73	53.38	130.93	324.50	-	-
Net block									
As at 31 March 2025	27.77	0.75	3.68	-	41.83	64.85	138.88	191.43	27.18
As at 31 March 2026	27.93	10.21	2.96	-	31.48	48.13	120.71	190.17	87.69

Notes :

- For amortisation, refer Note 44.5.4 for accounting policy.
- Intangible assets under development comprise intangible assets not ready for the intended use on the date of the Balance Sheet. Refer below Note 5 and Note 6 for ageing and completion schedule.
- Goodwill arising is on account of consolidation, refer Note 44.6.21.
- Amortisation of discontinued operations is ₹ 0.02 Crores (31 March 2025 : ₹ Nil)
- Note 2 of Other intangible assets includes assets at Research and Development facility, the details of which are as under:

Other intangible assets : Research and Development facility (Below figures are included in Note 2 : Other intangible assets, Goodwill and Intangible assets under development)

₹ in Crores					
Particluars	Computer Software	Drawings & Designs	Technical Knowhow- Acquired	Technical Knowhow- Internally generated	Total
Gross block					
As at 1 April 2024	41.44	11.39	32.16	137.77	222.76
Additions	6.79	-	25.70	40.07	72.56
Deductions	-	-	-	-	-
As at 31 March 2025	48.23	11.39	57.86	177.84	295.32
Additions	2.07	9.72	-	-	11.79
Deductions	-	-	-	-	-
As at 31 March 2026	50.30	21.11	57.86	177.84	307.11
Accumulated amortisation					
As at 1 April 2024	19.69	10.90	14.15	98.67	143.41
For the year	5.81	0.07	6.26	14.75	26.89
Deductions	-	-	-	-	-
As at 31 March 2025	25.50	10.97	20.41	113.42	170.30
For the year	6.80	0.17	9.47	17.28	33.72
Deductions	-	-	-	-	-
As at 31 March 2026	32.30	11.14	29.88	130.70	204.02
Net block					
As at 31 March 2025	22.73	0.42	37.45	64.42	125.02
As at 31 March 2026	18.00	9.97	27.98	47.14	103.09

Notes to the Consolidated Financial Statements

Note 2 : Other intangible assets, Goodwill and Intangible assets under development (Contd..)

6. Intangible assets under development ageing schedule for the year ended 31 March 2026 and 31 March 2025 is as follows:

As at 31 March 2026

₹ in Crores					
Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	62.15	9.48	16.06	-	87.69
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2025

₹ in Crores					
Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	18.49	4.06	4.63	-	27.18
Projects temporarily suspended	-	-	-	-	-

7. Intangible assets under development : Expected completion schedule for projects having time overrun :

As at 31 March 2026

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 4	4.09	-	-	-	4.09
Project : Software development	1.06	-	-	-	1.06

As at 31 March 2025

₹ in Crores					
Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 3	12.65	-	-	-	12.65
Project : Software development	0.78	-	-	-	0.78

Notes to the Consolidated Financial Statements

Note 3 : Investments (Non-Current)

Particulars	Par Value / Face Value Per Unit (In ₹)	As at 31 March 2026		As at 31 March 2025	
		Numbers	₹ in Crores	Numbers	₹ in Crores
(i) At amortised cost					
Investments in debentures or bonds (quoted)					
Non-Convertible Debentures ("NCD")					
Vivriti Capital Limited	1,00,000	-	-	4500	49.40
Less: Provision for expected credit loss			-		(0.04)
			-		49.36
Investments in Government Securities (G-Sec.)					
7.10% GOI 08/04/2034	100	55,00,000	59.67	-	-
6.92% GOI 18/11/2039	100	50,00,000	53.63	-	-
Less: Provision for expected credit loss					
			113.30	-	-
(ii) At fair value through Other Comprehensive Income (FVOCI)					
Investment in unquoted equity instruments - fully paid up					
Kirloskar Proprietary Limited	100	16	0.03	16	0.01
S.L.Kirloskar CSR Foundation	10	9,800	0.01	9,800	0.00
Kirloskar Management Services Private Limited	10	4,87,500	0.90	4,87,500	0.93
			0.94		0.94
(iii) At fair value through Profit & Loss (FVTPL)					
Investments in units of the fund (unquoted)					
Arka Credit Fund I	10,000	-	-	39,821	39.90
Less: Provision for expected credit loss			-		-
			-		39.90
Investment in unquoted preference shares - fully paid up					
1% Non-cumulative redeemable preference shares in Kirloskar Proprietary Limited	100	5	0.00	1	0.00
			0.00		39.90
Total			114.24		90.20

Notes :	₹ in Crores	₹ in Crores
1a. Aggregate amount of quoted investments	113.30	49.36
1b. Aggregate market value of quoted investments	103.84	49.36
1c. Aggregate amount of unquoted investments	0.94	40.84
1d. Aggregate value of impairment in value of Investments	Nil	Nil
2. Refer Note 44.6.11 and 44.6.12 for fair value disclosure of financial assets and financial liabilities and for fair value hierarchy.		
3. Refer Note 44.6.13 on risk management objectives and policies for financial instruments.		

Notes to the Consolidated Financial Statements

Note 4 : Loans and Receivables of financial services business (Non-current)

Particulars	₹ in Crores	
	As at 31 March 2026	As at 31 March 2025
Receivables of financial services business		
Secured, considered good	3,435.03	3,999.84
Less : Provision for expected credit loss	(29.46)	(32.13)
Unsecured, considered good	195.69	595.87
Less: Provision for expected credit loss	(34.84)	(15.15)
Total	3,566.42	4,548.43

1. Receivables of financial services business are measured at amortised cost.
2. Refer Note 44.5.7 for policy on provision for expected credit loss.
3. Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities
4. Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

Note 5 : Loans (Non-current)

Particulars	₹ in Crores	
	As at 31 March 2026	As at 31 March 2025
Other loans and advances		
Loans to employees (unsecured, considered good)	0.04	0.01
Total	0.04	0.01

1. Loans are measured at amortised cost.
2. No outstanding loans or advances which are in the nature of loans have been granted by the Company to promoters, directors, Key Managerial Personnels and the related parties (as defined under the Companies Act,2013), either severally or jointly with any other person.
3. Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities.
4. Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

Notes to the Consolidated Financial Statements

Note 6 : Other financial assets (Non-current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Security deposits		
Unsecured, considered good	31.63	26.30
Doubtful	0.17	0.91
Less : Loss allowance for doubtful deposits	(0.17)	(0.91)
Bank deposits with maturity of more than 12 months	0.28	0.27
Subsidy receivable under PSI scheme, 2001	2.99	2.79
Income receivable on direct assignment relating to financial services business	144.34	67.71
Servicing fees receivable on direct assignment	5.87	8.47
Deposit towards securitisation (PTC)	18.75	7.91
Others	1.68	4.53
Total	205.54	117.98

- The Company's manufacturing facility at Kagal plant had been granted Mega Project status by Government of Maharashtra and hence was eligible for Industries Promotion Subsidy (IPS) under Package Scheme of Incentive (PSI) 2001. This scheme was for intensifying and accelerating the process of dispersal of industries to the less developed regions and promoting high-tech industries in the less developed areas of the state coupled with the object of generating employment opportunities. During the last quarter of FY 2018-19, the Government of Maharashtra had agreed for extension of the said scheme of incentive for further period of 2 years till 31 March 2019 and subsequently amended the original eligibility certificate. Accordingly the extension of the scheme consists of total period of 11 years from the date of commencement of commercial production i.e. from 1 April 2008 to 31 March 2019 along with the extension of original operative period by 2 years and compliances thereof. The eligible subsidy receivables computed on the basis of VAT, CST as well as SGST paid on sales made from Kagal plant for such extended period are fair valued as on 31 March 2026.
- Other financial assets are measured at amortised cost.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.
- Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities.
- Bank deposits are held as security against the guarantees and other commitments and fixed deposits towards securtisation (PTC) are lien marked against borrowings from securitisation transaction.

Note 7 : Income tax asset (net)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Tax paid in advance (net of provision)	36.99	24.87
Total	36.99	24.87

Notes to the Consolidated Financial Statements

Note 8 : Other non-current assets

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Unsecured, considered good		
Capital advances	15.83	19.76
Prepaid expenses	2.35	2.94
Other advances to suppliers	0.48	0.35
Total	18.66	23.05

Note 9 : Inventories

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Raw materials		
Raw materials and components	475.94	384.05
Raw materials-in-transit	24.39	3.07
Work-in-progress	59.26	52.70
Finished goods	102.79	87.78
Traded goods	62.43	47.98
Stores and spares	18.85	15.72
Total	743.66	591.30

- Write down of inventories to net realisable value amounting to ₹ 21.56 Crores (31 March 2025 : ₹ 24.30 Crores) were recognised as an expense during the year.
- Refer Note 27 for information on inventory hypothecation with bankers for the purpose of working capital facilities.
- Refer Note 44.5.11 for accounting policy.

Note 10 : Investments (Current)

Particulars	Face Value Per Unit (In ₹)	As at 31 March 2026		As at 31 March 2025	
		Numbers	₹ in Crores	Numbers	₹ in Crores
(i) At amortised cost					
Investments in Pass Through Certificates (PTCs) (unquoted)					
Avenger 2022 March Series		-	-	1,000	2.01
Less: Provision for expected credit loss		-	-		(0.02)
			-		1.99
Investments in Government Securities					
T-Bills	100	1,00,00,000	99.88	-	-
			99.88		-

Notes to the Consolidated Financial Statements

Note 10 : Investments (Current) (Contd..)

Particulars	Face Value Per Unit (In ₹)	As at 31 March 2026		As at 31 March 2025	
		Numbers	₹ in Crores	Numbers	₹ in Crores
(ii) At fair value through Profit or Loss (FVTPL)					
Investments in debentures or bonds (quoted)					
Vivriti Capital Limited	10,000	20,000	20.09	-	-
MAS Financial Services Limited	10,000	14,000	13.16	-	-
Hinduja Leyland Finance Limited	1,00,000	2,300	24.59	-	-
IIFL Samasta Finance Limited	10,000	13,000	12.69	-	-
Muthoot Fincorp Limited	1,00,000	2,000	20.00	-	-
Incred Financial Services Limited	1,00,000	2,500	25.00	-	-
Less: Provision For Expected Credit Loss			-	-	-
			115.53		-
Investments in Mutual Funds (unquoted)					
Liquid and money market schemes - Growth Plan					
Nippon India Liquid Fund - Growth Plan - Growth Option	1,000	60,201	40.05	6,616	4.15
Aditya Birla Sun Life Liquid Fund - Growth -Regular Plan	100	6,83,339	30.02	5,57,125	23.06
Aditya Birla Sun Life Money Manger Fund - Growth - Regular Plan	100	5,35,056	20.69	5,35,056	19.43
Nippon India Money Market Fund - Growth Plan Growth Option	1,000	44,230	19.19	44,230	18.01
Axis Liquid Fund - Regular Growth	1,000	-	-	87,603	25.04
Axis Money Market Fund - Regular Growth	1,000	-	-	44,363	6.22
DSP Liquidity Fund - Regular Plan - Growth	1,000	-	-	82,092	30.11
HDFC Liquid fund - Regular Plan - Growth	1,000	-	-	51,678	26.05
HDFC Money Market fund - Regular Plan - Growth	1,000	-	-	10,032	5.63
ICICI Prudential Liquid fund - Growth	100	-	-	3,46,671	13.17
Invesco India Liquid Fund - Regular Growth	1,000	-	-	71,743	25.33
Kotak Liquid Fund Regular Plan - Growth	1,000	-	-	52,231	27.12
SBI Liquid Fund Regular Growth	1,000	-	-	55,024	22.10
Tata Liquid Fund Regular Plan - Growth	1,000	-	-	49,841	20.16
Tata Money Market Fund Regular Plan - Growth	1,000	-	-	12,523	5.80
UTI Money Market Fund - Regular Plan Growth	1,000	-	-	20,526	6.21
UTI Liquid Fund (Formerly UTI Liquid Cash Plan) - Regular Plan - Growth	1,000	-	-	2,708	1.14
			109.95		278.73
Overnight schemes - Growth Plan					
Aditya Birla MF - Overnight - Direct	1,000		-	7,50,965	103.72
Mirae Assets Fund Overnight DP	1,000		-	1,14,841	15.04
UTI Overnight Fund - DP	1,000		-	2,89,041	101.02
Baroda BNP Paribas Overnight Fund Direct Plan Growth	1,000		-	74,753	10.02
			-		229.80
Total			325.36		510.52

Notes to the Consolidated Financial Statements

Note 10 : Investments (Current) (Contd..)

Notes :	₹ in Crores	₹ in Crores
1a. Aggregate amount of quoted investments	115.53	-
1b. Aggregate market value quoted investments	115.53	-
1c. Aggregate amount of unquoted investments	209.83	510.52
2. Face value per unit in Rupees unless otherwise stated.		
3. Fair value disclosures for financial assets and liabilities are stated in Note 44.6.11 and fair value hierarchy disclosures for investment are stated in Note 44.6.12.		
4. Refer Note 44.6.13 on risk management objectives and policies for financial instruments.		

Note 11 : Trade receivables

	₹ in Crores	
Particulars	As at 31 March 2026	As at 31 March 2025
Unsecured		
Considered good	984.65	725.40
Less: Loss allowance (for expected credit loss under simplified approach)	(31.46)	(29.54)
Total	953.19	695.86

1. Trade receivables are measured at amortised cost. Also refer Note 44.5.7 for accounting policy.
2. Trade receivables due from private companies in which director of the Company, is a director or a member as at **31 March 2026**
₹ Nil (31 March 2025 : ₹ Nil)
3. For related party receivables, refer Note 44.6.9
4. **Movement of loss allowance (for expected credit loss under simplified approach)**

	₹ in Crores
Particulars	Amount
As at 1 April 2024	63.26
Allowance made/(reversed) during the year	(33.31)
Less: Written off	(0.41)
As at 31 March 2025	29.54
Allowance made/(reversed) during the year	4.67
Less: Written off	(2.75)
As at 31 March 2026	31.46

5. Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities
6. Refer Note 44.6.13 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.



Notes to the Consolidated Financial Statements

Note 11 : Trade receivables (Contd..)

7. For trade receivables outstanding, the ageing schedule is as given below:
As at 31 March 2026

₹ in Crores

Particulars	Unbilled	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	
(i) Undisputed Trade Receivables - considered good	0.96	662.62	277.79	14.57	5.84	4.41	7.19	973.36
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
(iv) *Disputed Trade Receivables- considered good	-	-	-	-	-	-	11.28	11.28
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total Trade Receivables	0.96	662.62	277.79	14.57	5.84	4.41	18.47	984.64
Less: Loss allowance for expected credit loss								(31.46)
Total Trade Receivables (net)								953.19

* Disputed Trade Receivables represents legal cases with customers

As at 31 March 2025

₹ in Crores

Particulars	Unbilled	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	
(i) Undisputed Trade Receivables - considered good	0.04	531.99	156.04	10.59	8.77	2.30	6.57	716.30
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
(iv) *Disputed Trade Receivables- considered good	-	-	-	-	-	0.00	9.10	9.10
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total Trade Receivables	0.04	531.99	156.04	10.59	8.77	2.30	15.67	725.40
Less: Loss allowance for expected credit loss								(29.54)
Total Trade Receivables (net)								695.86

* Disputed Trade Receivables represents legal cases with customers

Notes to the Consolidated Financial Statements

Note 12a : Cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with Bank		
Current accounts and debit balance in cash credit accounts	137.06	415.34
Bank deposits with original maturity of less than 3 months	627.13	325.71
Cash on hand	0.01	0.01
Total	764.20	741.06

Note 12b : Bank balances other than cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Unpaid dividend accounts	6.52	7.03
Bank deposits with original maturity of more than 3 months but less than 12 months	479.74	248.49
Total	486.26	255.52

- Balances in unpaid dividend accounts with banks are earmarked.
- Bank deposits of ₹ 3.99 Crores (31 March 2025: ₹ 3.97 Crores) are held as security against the guarantees , Letter of Credit and other commitments and fixed deposits of ₹ Nil (31 March 2025: ₹ 10.25 Crores) towards securitisation (PTC) are lien marked against borrowings from securitisation transaction.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

Note 13 : Loans and Receivables of financial services business (Current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Receivables of financial services business		
Secured, considered good	1,633.69	1,040.34
Less : Provision for expected credit loss	(4.22)	(3.64)
Unsecured, considered good	353.26	420.17
Less: Provision for expected credit loss	(5.09)	(4.36)
Total	1,977.64	1,452.51

- Receivables of financial services business are measured at amortised cost.
- Refer Note 44.5.7 for policy on provision for expected credit loss.
- Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities and Note 44.6.12 for fair value hierarchy.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

Notes to the Consolidated Financial Statements

Note 14 : Loans (Current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Loans to employees (unsecured, considered good)	0.04	0.02
Total	0.04	0.02

- Loans are measured at amortised cost.
- No outstanding loans or advances which are in the nature of loans have been granted by the Company to promoters, directors, Key Managerial Personnels and the related parties (as defined under the Companies Act, 2013) , either severally or jointly with any other person.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

Note 15 : Other financial assets (Current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Security Deposits - unsecured, considered good	3.96	2.64
Doubtful	0.57	0.91
Less : Loss allowance for doubtful deposits	(0.57)	(0.91)
Subsidy receivable under PSI scheme, 2001	0.68	1.75
Export incentive receivable	8.83	5.45
Derivative assets	-	1.76
Other receivables	27.41	10.49
Advance to lenders	0.36	-
Total	41.24	22.09

- Other financial assets, except derivatives, are measured at amortised cost. Derivatives are carried at fair value through profit and loss.
- Derivative assets reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
- Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities and Note 44.6.12 for fair value hierarchy.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.
- Refer Note 6 for additional details on Subsidy receivable under PSI scheme, 2001
- Other receivables due from private companies in which director of the Company is , a director or a member as at **31 March 2026 : ₹ Nil (31 March 2025 : ₹ Nil)**.

Notes to the Consolidated Financial Statements

Note 16 : Assets held for sale (Current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Property, plant and equipment (net)	-	-
Total	-	-

- Asset held for sale includes a freehold land owned by the Company at Bhare (granted by Government of Maharashtra) where the Company has initiated the process to surrender the same back. The carrying value of ₹ 0.11 lakhs has been fully impaired during the earlier years.
- Refer Note 44.6.12 for fair value disclosure of financial assets and financial liabilities.

Note 17 : Current tax assets (net)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Tax paid in advance (net of provision)	27.33	26.99
Total	27.33	26.99

Refer Note 7 Non-current tax paid in advance (net of provision)

Note 18 : Other current assets

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Advance to suppliers		
Unsecured, considered good	47.12	58.59
Doubtful	0.66	0.82
Less : Loss allowance for doubtful advances	(0.66)	(0.82)
Sales tax / Value added tax / Goods and services tax receivable	31.24	22.86
Prepaid expenses	25.47	13.79
Others	5.36	1.76
Total	109.19	97.00

Notes to the Consolidated Financial Statements

Note 19 : Equity share capital

Authorised share capital

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2024	27,00,00,000	54.00
Increase/(decrease) during the year	-	-
As at 31 March 2025	27,00,00,000	54.00
Increase/(decrease) during the year	-	-
As at 31 March 2026	27,00,00,000	54.00

Terms/Rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 2 each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity shares reserved for issue under employee stock option plan : **4,43,901 (31 March 2025 : 7,57,803)** equity shares.

Issued and subscribed share capital

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2024	14,49,56,271	28.99
Changes during the year	2,23,418	0.05
As at 31 March 2025	14,51,79,689	29.04
Changes during the year	1,79,985	0.03
As at 31 March 2026	14,53,59,674	29.07

Subscribed and fully paid up

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2024	14,49,55,806	28.99
Changes during the year	2,23,418	0.05
As at 31 March 2025	14,51,79,224	29.04
Changes during the year	1,79,985	0.03
As at 31 March 2026	14,53,59,209	29.07

The Company has share suspense account which represents equity shares of ₹ 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation according to scheme sanctioned by Board of Industrial and Financial Reconstruction (BIFR) which are kept in abeyance as per the Scheme of Arrangement approved by Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with order dated 19 March 2010.

Notes to the Consolidated Financial Statements

Note 19 : Equity share capital (Contd..)

Particulars of Share suspense account	No. of shares	₹ in Crores
As at 1 April 2024	465	0.00
Changes during the year	-	-
As at 31 March 2025	465	0.00
Changes during the year	-	-
As at 31 March 2026	465	0.00

1. Number of shares held by each shareholder holding more than 5% shares in the Company

₹ in Crores

Name of the Shareholder	As at 31 March 2026		As at 31 March 2025	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Rahul Chandrakant Kirloskar [#]	1,77,86,902	12.24	1,77,86,902	12.25
Atul Chandrakant Kirloskar ^{##}	1,46,74,947	10.10	1,46,74,947	10.11
Kirloskar Industries Limited	82,10,439	5.65	82,10,439	5.66
Alpana Rahul Kirloskar	77,89,634	5.36	77,89,634	5.37

[#] Out of 1,77,86,902 equity shares - **1,77,72,083 (31 March 2025: 1,77,72,083)** equity shares are held in individual capacity, **5,700 (31 March 2025: 5,700)** equity shares are held as a Karta of Rahul C. Kirloskar HUF and **9,119 (31 March 2025: 9,119)** equity shares are held as a Trustee of C. S. Kirloskar Testamentary Trust.

^{##} Out of 1,46,74,947 equity shares - **1,46,68,872 (31 March 2025: 1,46,68,872)** equity shares are held in individual capacity, **375 (31 March 2025: 375)** equity shares are held as a Trustee of C.S. Kirloskar Testamentary Trust and **5,700 (31 March 2025: 5,700)** equity shares are held as a Karta of Atul C. Kirloskar HUF.

2. The details of shareholding of promoter and promoter group is as below:

₹ in Crores

Name	As at 31 March 2026			As at 31 March 2025		
	No. of shares held	% Change during the year	% of total shares	No. of shares held	% Change during the year	% of total shares
Rahul Chandrakant Kirloskar	1,77,86,902	-	12.24	1,77,86,902	-	12.25
Atul Chandrakant Kirloskar	1,46,74,947	-	10.10	1,46,74,947	-	10.11
Kirloskar Industries Limited	82,10,439	-	5.65	82,10,439	-	5.66
Alpana Rahul Kirloskar	77,89,634	-	5.36	77,89,634	-	5.37
Gauri Kirloskar	57,53,580	-	3.96	57,53,580	-	3.96
Arti Atul Kirloskar	32,29,454	-	2.22	32,29,454	-	2.22
Aditi Atul Kirloskar	19,17,860	-	1.32	19,17,860	-	1.32
Navsai Investments Private Limited	91,798	-	0.06	91,798	-	0.06
Roopa Jayant Gupta	90,812	-	0.06	90,812	-	0.06
Kirloskar Chillers Private Limited	50,000	-	0.03	50,000	-	0.03
Sanjay Chandrakant Kirloskar	46,654	-	0.03	46,654	-	0.03
Suman Chandrakant Kirloskar	41,221	-	0.03	41,221	-	0.03
Geetanjali Vikram Kirloskar	-	(100)	-	31,875	-	0.02
Alpak Investments Private Limited	13,980	-	0.01	13,980	-	0.01
Alok Kirloskar	6,262	-	0.00	6,262	-	0.00
Kirloskar Systems Private Limited	-	(100)	-	2,070	100	0.00
Pratima Sanjay Kirloskar	1,520	-	0.00	1,520	-	0.00

Notes to the Consolidated Financial Statements

Note 19 : Equity share capital (Contd..)

₹ in Crores

Name	As at 31 March 2026			As at 31 March 2025		
	No. of shares held	% Change during the year	% of total shares	No. of shares held	% Change during the year	% of total shares
Aman Rahul Kirloskar	200	-	0.00	200	100	0.00
Akshay Sahni	100	-	0.00	100	-	0.00
Total	5,97,05,363		41.07	5,97,39,308		41.15

Note 20 : Other equity

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Share application money pending allotment	0.32	0.33
Capital redemption reserve	8.70	0.20
Securities premium	19.27	10.97
General reserve	609.53	608.90
Statutory reserve	67.01	53.29
Equity instruments designated through other comprehensive income	0.35	0.32
Debt instruments through other comprehensive income	31.92	-
Employee stock option reserve	27.50	20.90
Foreign currency translation reserve	2.62	0.85
Retained earnings		
Opening balance	2,361.70	1,978.21
Add : Profit for the year	574.32	489.15
Add : Transfer to Capital redemption reserve - Redemption of Pref shares	(8.50)	-
Add : Other Comprehensive income / (loss)	1.87	(3.94)
Add : Transferred from OCI reserve	(0.03)	-
Add : Transfer from Employee stock option reserve	2.71	1.50
	570.37	486.70
Less : Appropriations		
Expenses on issue of equity shares	-	0.07
Transfer to Special Reserve under section 45-IC of The Reserve Bank of India Act, 1934	13.72	16.07
Final dividend for the previous year	58.10	50.78
Interim dividend for the current year	36.34	36.29
	108.16	103.21
Total retained earnings	2,823.90	2,361.70
Total	3,591.12	3,057.46

Notes to the Consolidated Financial Statements

Note 20 : Other equity (Contd..)

- Share application money pending allotment, represents amount received from employees who have exercised Employee Stock Option Plan (ESOP) for which shares are pending allotment as on the Balance Sheet date.
- Capital redemption reserve is created out of General reserve being nominal value of shares bought back in terms of erstwhile section 77A of the Companies Act, 1956 for equity shares buy back in the year 2012-13 and buyback of preference shares as per statutory requirement.
- Securities premium represents the amount received in excess of face value of the equity shares. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- General reserve is created by setting aside amount from the Retained earnings of the Group for general purposes which is freely available for distribution.
- Statutory reserve is created pursuant to the provision of section 45-IC of Reserve Bank of India Act, 1934, the step-down subsidiary company Arka Fincap Limited has transferred **₹ 13.72 Crores (31 March 2025 : ₹ 16.07 Crores)** towards statutory reserve fund.
- Equity instruments through other comprehensive income represents the cumulative gains and losses arising on the valuation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off and is not available for distribution of dividend.
- Employee stock option reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of vested stock options not exercised by employees. Refer Note 44.6.16 for disclosure on Employee Stock Option Plan (ESOP) of the Group.
- Debt instruments through other comprehensive income represents changes in the fair value of loan portfolio which is likely to be assigned in other comprehensive income. These changes are accumulated within the Debt instruments through OCI reserve.
- Dividend distribution made and proposed**

₹ in Crores

Particulars	2025-2026	2024-2025
Cash dividends on equity shares declared and paid		
Final dividend for the year ended 31 March 2025: ₹ 4.00 per share (31 March 2024: ₹ 3.50 per share)	58.10	50.78
Interim dividend for year ended 31 March 2026: ₹ 2.50 per share (31 March 2025: ₹ 2.50 per share)	36.34	36.29
	94.44	87.07

Final dividend proposed for the year ended **31 March 2026: ₹ 4.50 per share (31 March 2025: ₹ 4 per share)**

Proposed dividend on equity shares are subject to approval of the shareholders of the Company at the Annual General Meeting and are not recognised as a liability as at 31 March.

Notes to the Consolidated Financial Statements

Note 21 : Borrowings (Non-current)

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Secured		
From bank-term loan	2,231.75	2,317.46
Non-convertible debentures ("NCD")	495.05	917.46
Collateralized debt obligation	120.49	181.30
From NBFC/ Financial institution		
Term loan	68.54	137.03
Vehicle loan (including capital loan)	0.74	1.09
Unsecured		
Non-convertible debentures ("NCD")	207.21	206.64
Total	3,123.78	3,760.98
Aggregate secured borrowings	2,916.57	3,554.34
Aggregate unsecured borrowings	207.21	206.64

1. Borrowings are measured at amortised cost.
2. Term loans from banks of the Company

The Company has availed a total term loan of ₹ 119.13 Crores for the purchase of immovable property. The loan is to be repaid in monthly installments of ₹ 2.50 Crores each starting from December 2023 with rate of interest linked to repo rate plus applicable spread i.e effective **6.55% p.a as at 31 March 2026 (7.80% p.a as at 31 March 2025)**. The term loan is secured by an exclusive charge on the immovable property purchased through the term loan facility and hypothecation of movable fixed assets acquired through the term loan facility. The carrying amount of the loan as at **31 March 2026 is ₹ 49.13 Crores (31 March 2025: ₹ 79.13 Crores)**. Refer Note 27 Borrowings (Current) for current maturities of this long term borrowings.

Maturity profile of term loans from banks (current and non-current)

₹ in Crores		
Period	As at 31 March 2026	As at 31 March 2025
Less than three months	7.50	7.50
More than three months up to one year	22.50	22.50
More than one year up to three years	19.13	49.13
More than three years up to five years	-	-
Total	49.13	79.13

3. Borrowings related to subsidiaries

Subsidiary - Arka Financial Holdings Private Limited(AFHPL)

(a) Term loans from banks/NBFCs

- (i) Security against facilities from bank (including term loan and demand loan): secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash and cash equivalents and liquid investments. Non convertible debentures are covered by asset cover ranging from 1.05 times to 1.25 times
- (ii) The term loans from Banks carry interest rates in the range of 8.35% to 10.70% p.a., repayable within 5 years
- (iii) The term loans from NBFCs carry interest rates within the range of 9.25% to 10.70% p.a. repayable within 4 years

Notes to the Consolidated Financial Statements

Note 21 : Borrowings (Non-current) (Contd..)

(b) Non-convertible debentures and Collateralized debt obligation

- (i) The Non Convertible Debentures (NCDs) carry interest rates in the range of 8.00% to 10.75% p.a. repayable within 6 years
- (ii) The Securitisation (PTC) carry interest rates within the range of 8.01% to 9.00% p.a. repayable within 12 years
- (iii) The Secrutisation (PTC) are secured by way of hypothecation on specific pool of receivables and cash collateral as per terms agreed.

Maturity profile of NCD and term loans from Banks, NBFC's and Collateralized debt obligation (Current and Non-current)

₹ in Crores		
Period	As at 31 March 2026	As at 31 March 2025
Less than three months	473.56	426.13
More than three months up to one year	1,343.08	1,423.68
More than one year up to three years	2,000.06	2,340.08
More than three years up to five years	513.24	709.95
More than five years	542.99	595.07
Total	4,872.93	5,494.91

Subsidiary - KOEL Fluid Dynamics Private Limited (formerly known as La-Gajjar Machineries Private Limited)

(a) Term loans from banks

- (i) The term loans availed from Federal Bank and Axis Bank are secured by a first pari passu charge by way of hypothecation of Plant & Machinery and other assets and second charge on entire current assets of the company. Further term loans from Federal Bank and Axis Bank are secured by way of creation of equitable mortgage on land, building, plant & machinery and other assets at the new plant at Sanand to the extent applicable.
- (ii) Sanctioned term loan of ₹ 47.50 Crores from Axis Bank and drawn till 31-03-2025 to the extent of ₹ 41.10 Crores to be repaid in 60 monthly instalments of ₹ 0.80 Crores each starting from August 2025. The loan carries a moratorium period of 24 months starting from 1st disbursement done in August 2023.
- (iii) Sanctioned term loan of ₹ 47.50 Crores from Federal Bank and drawn till 31-03-2025 to the extent of ₹ 35.64 Crores to be repaid in 60 monthly instalments of ₹ 0.79 Crores each starting from October 2025. The loan carries a moratorium period of 24 months starting from 1st disbursement done in September 2023.

Maturity profile of term loans from banks (Current and Non-current)

₹ in Crores		
Period	As at 31 March 2026	As at 31 March 2025
Less than three months	4.75	-
More than three months up to one year	14.25	11.08
More than one year up to three years	38.00	38.00
More than three years up to five years	8.66	27.66
More than five years	-	-
Total	65.66	76.74

Notes to the Consolidated Financial Statements

Note 21 : Borrowings (Non-current) (Contd..)

Subsidiary - Kirloskar Americas Corporation (KAC) and step-down subsidiary - Engines LPG LLC, dba Wildcat Power Gen (amounts in US \$)

(a) Loan for Purchase of Vehicles - Banks/NBFC

The step-down subsidiary company has availed various vehicle loans ranging from US\$ 31,686 to US\$ 67,056 from financial institutions having repayment tenors ranging from 48 months to 72 months with monthly installments ranging from US\$ 638 to US\$ 1,082 at rate of interest ranging from 0.90% p.a. to 7.59% p.a.

The step-down subsidiary company has availed various capital lease loans ranging from US \$ 27,300 to US\$ 65,960 from financial institutions having repayment tenors ranging from 36 months to 60 months with monthly installments ranging from US\$ 845 to US\$ 1,322 at rate of interest ranging from 7.20% p.a. to 7.50% p.a.

Maturity profile of term loans from banks (Current and Non-current)

₹ in Crores

Period	As at 31 March 2026	As at 31 March 2025
Less than three months	0.10	0.10
More than three months up to one year	0.36	0.31
More than one year up to three years	0.71	0.81
More than three years up to five years	0.04	0.28
Total	1.21	1.50

- There has been no default in repayment of interest & principal amount for year ended 31 March 2026 and 31 March 2025
- For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer Note 44.6.13
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

Note 22 : Lease liabilities (Non-current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Lease liabilities	33.54	34.98
Total	33.54	34.98

- Lease liabilities are measured at amortised cost.
- For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 44.6.13

Note 23 : Other financial liabilities (Non-current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Deposits/ Retentions from customers and others	14.18	14.33
Total	14.18	14.33

- Other financial liabilities are measured at amortised cost.
- For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer Note 44.6.13

Notes to the Consolidated Financial Statements

Note 24 : Provisions (Non-current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Provision for employee benefits		
Provision for gratuity	2.42	3.42
Provision for compensated absence	24.10	19.19
Provision for pension and other retirement benefits	2.31	2.45
Total Provision for employee benefits	28.83	25.06
Other provisions		
Provision for warranty	28.55	23.82
Provision for expected credit loss	2.50	2.50
Expected credit loss on undrawn loan commitments	1.11	1.40
Total Other provisions	32.16	27.72
Total	60.99	52.78

Refer Note 32 Provisions (Current) for additional disclosures.

Note 25a: Deferred tax assets (net)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred tax assets		
Disallowances under Income Tax Act, 1961	-	1.15
Provision for doubtful debts & advances	-	0.67
Carried forward business loss	6.54	3.57
Others	-	0.07
Total Deferred tax assets	6.54	5.46
Deferred tax liabilities		
Depreciation	-	1.35
Total Deferred tax liabilities	-	1.35
Total Deferred tax assets (net)	6.54	4.11

1. Reconciliation of deferred tax assets (net)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Opening balance as of 1 April	4.11	13.16
Tax income/(expense) during the year recognised in the Statement of Profit and Loss	1.90	(9.28)
Others	0.53	-
Tax income/(expense) during the year recognised in Other Comprehensive Income	-	0.23
Closing balance as at 31 March	6.54	4.11

Notes to the Consolidated Financial Statements

Note 25a: Deferred tax assets (net) (Contd..)

2. Tax Losses

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Unused tax losses for which no deferred tax assets have been recognised (Refer Note below)	-	3.88
Potential tax benefit	-	0.98

3. i. The unused tax losses were incurred by one of the subsidiary company on sale of land which is partially adjusted during the current financial year against long term capital gain likely to be generated in next financial years.
- ii. A subsidiary company and a step-down subsidiary have not created deferred tax asset for unused tax losses against which no taxable income is expected to be generated in the foreseeable future. The losses can be carried forward as per the provisions of Income Tax Act

Note 25b: Deferred tax liabilities (net)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred tax liabilities		
Depreciation	73.70	45.05
Fair value of investment in debt instruments and borrowings	56.05	28.78
Others	3.40	4.47
Total Deferred tax liabilities	133.15	78.30
Deferred tax assets		
Disallowances under Income Tax Act, 1961	22.63	20.63
Provision for doubtful debts and advances	26.73	20.21
Voluntary retirement scheme (VRS) compensation	-	0.42
Others	13.96	8.28
Total Deferred tax assets	63.32	49.54
Total Deferred tax liabilities (net)	69.83	28.76

1. Reconciliation of deferred tax liabilities (net)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Opening balance as of 1 April	(28.76)	(9.65)
Tax income/(expense) during the year recognised in the Statement of Profit and Loss	(29.71)	(20.34)
Others	-	0.03
Tax income/(expense) during the year recognised in Other Comprehensive Income	(11.36)	1.20
Closing balance as at 31 March	(69.83)	(28.76)

2. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relating to income taxes levied by the same tax authority.
3. Refer Note 43 for Income tax and deferred tax rate.
4. The deferred tax liability is not recognized by temporary difference between carrying amount and tax base of investments in subsidiary as the Company is able to control the timing of reversal of temporary difference and it is probable that the difference will not reverse in the foreseeable future. Hence, the Group has not recognized any deferred tax liability for taxes on undistributed profits.

Notes to the Consolidated Financial Statements

Note 26 : Other non current liabilities

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Advance from customers	73.93	80.92
Revenue received in advance	1.46	1.52
Total	75.39	82.44

Refer Note 44.6.6 for additional disclosures

Note 27 : Borrowings (Current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Secured		
From banks		
Export preshipment loan in INR	55.26	50.29
Working capital demand loan	29.23	55.86
Current maturities of long term borrowings	1,330.35	1,375.33
From Financial institution / Others		
Current maturities of long term borrowings	105.08	134.27
Non-convertible debentures	413.69	220.89
Collateralized debt obligation	9.85	11.71
Unsecured		
From banks and financial institutions		
Short term loan	68.71	-
From Others		
Commercial paper (net)	168.99	142.88
Non-convertible debentures	6.18	6.22
Others	2.66	2.40
Total	2,190.00	1,999.85
Aggregate secured borrowings	1,943.46	1,848.35
Aggregate unsecured borrowings	246.54	151.50

1. Borrowings are measured at amortised cost.
2. Secured Borrowings - The Company's fund and non-fund based working capital facilities aggregating to ₹ 385 Crores are secured by way of hypothecation (First Charge) on the whole of the current assets of the Company both present and future in favour of the consortium of banks (SBI Consortium) comprising of State Bank of India, Pune (Lead Bank), Bank of Maharashtra, ICICI Bank Limited, HDFC Bank Limited, and The Hongkong and Shanghai Banking Corporation Limited (HSBC). The Board of Directors of the Company had given their approval for reduction ₹ 410 Crores consortium limit to ₹ 385 Crores and also to appoint 'Axis Trustee Services Private Limited' as a Security Trustee. the Company has appointed 'Axis Trustee Services Private Limited' as Security Trustee and is in process of execution of necessary agreements with Consortium Bankers to give effect to the reduction of working capital facilities and hypothecation charge from ₹ 410 Crores to ₹ 385 Crores. Accordingly, the necessary forms will be filed with the Ministry of Corporate Affairs/Registrar of Companies for modification of charge created to the extent of reduction in working capital facilities.

Notes to the Consolidated Financial Statements

Note 27 : Borrowings (Current) (Contd..)

3. Details relating to subsidiary companies :

KOEL Fluid Dynamics Private Limited (Formerly known as La-Gajjar Machineries Private Limited)

- (i) The subsidiary company has fund and non fund based working capital facilities of ₹ 159.27 Crores. are secured by first charge by way of hypothecation on the whole of the current assets of the company both present and future and also the second charge on the whole of the movable Plant and machinery and other fixed assets of the company in favour of the consortium of banks (Federal Consortium) comprising of The Federal Bank Limited - Ahmedabad (Lead Bank), ICICI Bank Limited - Ahmedabad, Yes Bank Limited - Ahmedabad and HDFC Bank Limited - Ahmedabad.
- (ii) The unutilised portion of Cash Credit Limit of subsidiary company is **₹ 123.71 Crores (31 March 2025 : ₹ 113.95 Crores)**
- (iii) Supplier financing arrangements for trade payables - The subsidiary company enters into arrangements whereby banks and financial institutions make direct payments to suppliers. The banks and financial institutions are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled between 0 to 120 days. Interest expense on these are recognised in the finance cost. Trade payables which are part of supplier financing which would have become due, where extended credit is opted, are shown under short term loan.

₹ in Crores

Carrying amount of trade payables (subject to supplier financing arrangements)	As at 31 March 2026	As at 31 March 2025
Presented in short term loan	68.71	-
Range of payment due dates		
Liabilities that are part of the arrangements (days)	0-120 days	-

4. Engines LPG LLC dba Wildcat Power Gen, a subsidiary of Kirloskar Americas Corporation obtained working capital loan from bank and draw down US\$ 3,000,000 in tranches for a for a term of minimum 7 days and maximum 180 days from drawdown date at rate of interest equal to a floating 90 days SOFR plus 1.35%,secured by the current assets of the company. The company has executed a subordination agreement with the bank and the Holding company, wherein the principal repayment of the borrowings other than the bank borrowings would be subordinated to the repayment of the bank borrowings. The total loan outstanding as at **31 March 2026 is US\$ 3,000,000.**
5. Arka Fincap Limited has borrowed against CP which has less than a year maturity amounting to **₹ 168.99 Crores** and **₹ 142.88 Crores** as at 31 March 2026 and as at 31 March 2025 respectively.
6. The quarterly returns or statements of current assets filed by the group with banks for the FY 2025-26 and FY 2024-25 are in agreement with the books of accounts. There were reconciling items in statements submitted by subsidiary as explained below :
- i) In previous year in respect of Arka Fincap Limited - There were reconciling items in the quarterly returns or statements of current assets filed by the company with banks or financial institutions on account of the following adjustments:
- (a) Effective Interest Rate (EIR) adjustment as per Ind AS guidance
- (b) adjustments arising to due to period end book closure adjustments for finalisation of quarterly results post filing of returns with banks. The financial information were provided to the bank before finalisation of the quarterly results. There were no differences in the quarterly returns or statements of current assets filed by the company with banks or financial institutions for the year ended 31 March 2026.
- ii) In respect of KOEL Fluid Dynamics Private Limited (Formerly known as La-Gajjar Machineries Private Limited), there were no differences in the quarterly returns or statements of current assets filed by the company with banks or financial institutions for the year ended 31 March 2025.
7. There has been no default in repayment of interest & principal amount for year ended 31 March 2026 and 31 March 2025
8. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 44.6.13

Notes to the Consolidated Financial Statements

Note 28 : Lease liabilities (Current)

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Lease liabilities	27.01	22.72
Total	27.01	22.72

1. Lease liabilities are measured at amortised cost.
2. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 44.6.13
3. Refer Note 44.6.15 for additional disclosures

Note 29 : Trade and other payables

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Acceptances	21.44	27.73
Due to micro enterprises and small enterprises	196.20	118.39
Due to other than micro enterprises and small enterprises	729.33	562.19
Total	946.97	708.31

1. Trade and other payables are measured at amortised cost.
2. For terms and conditions with related parties, refer to Note 44.6.9
3. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 44.6.13
4. For trade and other payables outstanding, the ageing schedule is as given below:

As at 31 March 2026

₹ in Crores

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises ("MSME")	3.36	187.98	2.31	0.17	0.00	2.37	196.19
Others	52.46	470.50	222.38	1.45	2.35	1.64	750.78
*Disputed dues - Micro and Small Enterprises ("MSME")	-	-	-	-	-	-	-
*Disputed dues - Others	-	-	-	-	-	-	-
Total	55.82	658.48	224.69	1.62	2.35	4.01	946.97

* Disputed dues represents legal cases with vendors

Notes to the Consolidated Financial Statements

Note 29 : Trade and other payables (Contd..)

As at 31 March 2025

							₹ in Crores
Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises ("MSME")	1.33	114.17	0.46	0.06	0.01	2.36	118.39
Others	6.55	461.22	117.27	2.49	0.63	1.75	589.92
*Disputed dues – Micro and Small Enterprises ("MSME")	-	-	-	-	-	-	-
*Disputed dues - Others	-	-	-	-	-	-	-
Total	7.88	575.39	117.73	2.55	0.64	4.11	708.31

* Disputed dues represents legal cases with vendors

Note 30 : Other financial liabilities (Current)

Particulars	As at 31 March 2026	As at 31 March 2025
Deposits from customers	1.05	2.51
Unclaimed dividends	6.53	7.04
Payable for capital purchases	36.91	38.04
Employee benefits payable	102.42	84.41
Book overdraft	162.26	230.22
Derivative liabilities	11.79	0.02
Other payables	95.28	62.89
Total	416.24	425.13

- Other financial liabilities, except derivative liabilities, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.
- Derivative liabilities reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
- Payable for capital purchase includes MSME creditors to the extent they are of capital nature amounting ₹ 8.13 Crores (31 March 2025 : ₹ 4.15 Crores).
- For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 44.6.13

Note 31 : Other current liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Advance from customers	64.27	64.52
Revenue received in advance	36.29	32.81
Statutory dues	48.37	62.72
Others	0.40	0.95
Total	149.33	161.00

- For advance from customers and revenue received in advance refer Note 44.6.6 for additional disclosures.

Notes to the Consolidated Financial Statements

Note 32a : Provisions (Current)

Particulars	₹ in Crores	
	As at 31 March 2026	As at 31 March 2025
Provision for employee benefits		
Provision for gratuity	27.50	16.81
Provision for compensated absence	11.76	12.06
Provision for pension and other retirement benefits	0.37	0.33
Total Provision for employee benefits	39.63	29.20
Others		
Provision for warranty	94.83	79.60
Other provisions	35.59	24.59
Total Others	130.42	104.19
Total	170.05	133.39

Refer Note 24 Provisions (Non current)

Note :

1. Employee benefits obligations

a. Gratuity

The Group provides gratuity as per Code on Social Security, 2020 (notified by the Government of India w.e.f. 21 November 2025) and the Company's internal gratuity scheme. Permanent employees who are in continuous service for a period of five years are eligible for gratuity. There are no fixed term employees employed by the Company. The amount of gratuity is payable on retirement or separation whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is funded plan. The gratuity plan is funded plan except for step down subsidiary Arka Fincap Limited.

b. Pension, post retirement medical benefit and long term award benefits

The Company provides certain post-employment medical scheme and long term award benefits to employees (unfunded). For long-term award scheme, the Company has defined certain eligibility criteria and grade-wise benefit available to employees and is payable only at time of separation. Pension and medical benefits are payable to employees for 15 years after retirement.

c. Compensated absences

The leave obligation cover the Group's liability for earned leaves.

The leave obligation cover the liability for one of the subsidiary for earned leaves which is expected to be paid-off in next 12 months.

Also Refer Note 44.6.7 for detailed disclosure.

2. Others

- Warranty is provided to customers at the time of sale of engines and generating sets manufactured. Warranty cost includes expenses in connection with repairs, free replacement of parts / engines and after sales services during warranty period which varies from 1 year to 4 years.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Notes to the Consolidated Financial Statements

Note 32a : Provisions (Current) (Contd..)

- b. The Company has preferred an Appeal bearing No. 125 of 2016 before the Chief Controlling Revenue Authority (CCRA) against the Stamp Duty Adjudication Order dated 2 May 2016 bearing ADJ/188/2015 passed by Collector of Stamps, Enforcement – II, Mumbai levying a total stamp duty amount of ₹ 14.94 Crores on the Company for amalgamation of KBIL with the Company. For securing a Stay Order against the said Stamp duty Adjudication being ADJ/188/2015 dated 2 May 2016, the Company has deposited 50% of the stamp duty amount of ₹ 7.47 Crores on protest on 30 June 2016. Considering the payment of 50% of stamp duty amount, through its Order dated 22 September 2016, CCRA has passed an Order granting stay on the effect and operation of said Stamp Duty Adjudication Order bearing ADJ/188/2015 dated 2 May 2016. The Company's Appeal bearing No. 125 of 2016 is still pending and listing for final hearing is awaited. Accordingly, provision for stamp duty of ₹ 14.94 Crores has been made. In the meantime, the Company, on 30 January, 2024, filed an application under the Maharashtra Stamp Duty Amnesty Scheme 2023 for reduction in the adjudicated Stamp Duty and waiver of penalty and interest thereof. This application is pending for hearing/ orders.
- c. Provision for liquidated damages pertains to provision arising due to delay in actual delivery of goods/services as against the contractual delivery date.
- d. Provision for onerous contracts arises when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

₹ in Crores

Particulars	Warranty	Stamp Duty	Liquidated damages	Onerous Contracts	Related to Financial Services business	
					Expected credit loss on undrawn loan commitments	Expected credit loss
As at 1 April 2024	83.63	14.94	5.31	0.01	1.70	2.50
Arising during the year	102.28	-	4.80	-	-	-
Less : Utilised	(82.37)	-	(0.16)	(0.01)	(0.29)	-
Less : Unused amount reversed	(2.00)	-	(0.30)	-	-	-
Add: Unwinding of discount	1.88	-	-	-	-	-
As at 31 March 2025	103.42	14.94	9.65	-	1.41	2.50
Arising during the year	116.20	-	15.71	-	-	-
Less : Utilised	(85.04)	-	(4.53)	-	(0.30)	-
Less : Unused amount reversed	(12.64)	-	(0.91)	-	-	-
Add: Unwinding of discount	1.43	-	-	-	-	-
As at 31 March 2026	123.38	14.94	19.92	-	1.11	2.50
Non-current (Refer Note 24)	28.55	-	-	-	1.11	2.50
Current	94.83	14.94	19.92	-	-	-

Note 32b : Current tax liabilities

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Income tax liabilities (net of advance tax paid)	-	1.00
Total	-	1.00

Notes to the Consolidated Financial Statements

Note 33 : Revenue from operations

₹ in Crores

Particulars	2025-2026	2024-2025
Sales and services		
Sale of products	6,551.64	5,327.25
Sale of services	212.98	169.39
Total Sales and services	6,764.62	5,496.64
Income of Financial Services Business	876.67	780.45
Other operating income		
Sale of scrap	26.46	22.46
Commission received	4.68	3.79
Export incentives	17.88	14.61
Sundry credit balances written back	1.25	0.98
Provisions no longer required written back	2.98	1.37
Income generated from solar power generation	5.10	7.63
Miscellaneous receipts	1.37	1.20
Total Other operating income	59.72	52.05
Total	7,701.01	6,329.14

1. Refer Note 44.4.1 & 44.5.17 for accounting policy and additional disclosures

Note 34 : Other income

₹ in Crores

Particulars	As at 31 March 2026	As at 31 March 2025
Interest on Income tax and sales tax refund	1.42	0.00
Interest income on financial assets measured at amortised cost		
(i) Bank deposits	20.09	4.18
(ii) Unwinding of interest on security deposit	0.82	1.02
(iii) Other financial assets	3.41	1.47
Dividend income from equity investments designated at fair value through other comprehensive income	0.00	0.00
Net gain on financial assets measured at fair value through profit or loss (unrealised)	2.53	4.96
Net gain on sale of mutual fund measured at fair value through profit or loss (realised)	13.63	19.30
Profit on sale of Investment	-	0.63
Net Gain/(loss) on lease modifications	-	0.53
Net Gain/(loss) on disposal of property, plant and equipment	-	0.10
Rent income	-	0.92
Gain on derecognition of lease	0.21	-
Liabilities no longer required written back for financial services business	21.40	-
Miscellaneous income	6.65	13.54
Total	70.16	46.65

1. Net gain on financial assets measured at fair value through profit or loss relates to the gain arising on fair value restatements of Group's investment in mutual funds at balance sheet dates which are held as current or non-current investments.
2. Refer Note 44.4.1 , 44.5.10 & 44.6.15 for accounting policies and additional disclosures

Notes to the Consolidated Financial Statements

Note 35 : Cost of raw materials and components consumed

₹ in Crores		
Particulars	2025-2026	2024-2025
Raw materials and components consumed	3,468.22	2,799.39
Total	3,468.22	2,799.39

Note 36 : Purchases of traded goods

₹ in Crores		
Particulars	2025-2026	2024-2025
Engines and Gensets	151.35	236.71
K-Oil	201.96	174.57
Alternators, Batteries and Others	662.60	333.02
Total	1,015.93	744.30

Traded Goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Refer Note 44.5.11 for accounting policies.

Note 37 : Changes in inventories of finished goods, work-in-progress and traded goods

₹ in Crores		
Particulars	2025-2026	2024-2025
Opening inventories		
Work-in-progress	52.70	71.83
Finished goods	87.78	113.58
Traded goods	47.98	41.91
Total opening inventories (a)	188.46	227.32
Closing inventories		
Work-in-progress	59.26	52.70
Finished goods	102.79	87.78
Traded goods	62.43	47.98
Total closing inventories (b)	224.48	188.46
Less: Adjustment on account of slump sale (c)	(1.38)	(1.14)
(Increase)/decrease in inventories *[(a)-(b)-(c)]	(37.39)	37.72

* From continuing operations

Note 38 : Employee benefits expense

₹ in Crores		
Particulars	2025-2026	2024-2025
Salaries, wages, bonus, commission, etc.	530.92	467.48
Contribution to provident and other funds	25.85	22.31
Welfare and training expenses	41.09	36.45
Provident and other funds expenses	0.91	0.66
Share based payment to employees	13.65	9.18
Total	612.42	536.08

For additional disclosures, refer Note 44.6.7 for gratuity and 44.6.16 for share based payment to employees

Notes to the Consolidated Financial Statements

Note 39 : Finance costs

₹ in Crores		
Particulars	2025-2026	2024-2025
Interest and discounting charges	16.04	17.27
Interest on term loan from banks & NBFCs	332.41	288.11
Other finance costs	3.13	1.67
Other bank charges	16.84	16.52
Interest on lease liabilities	5.03	3.64
Discount on commercial paper issued	17.86	22.36
Interest on debt securities	117.13	123.58
Interest on Collateralized Debt Obligation	14.37	9.22
Total	522.81	482.37

For additional disclosures, refer Note 44.6.15 for Interest on lease liabilities

Note 40 : Depreciation and amortisation expense

₹ in Crores		
Particulars	2025-2026	2024-2025
Depreciation on property, plant & equipment	105.84	86.12
Amortisation on intangible assets	38.29	32.63
Amortisation on right -of-use assets	29.91	20.61
Total	174.04	139.36

Note 41 : Other expenses

₹ in Crores		
Particulars	2025-2026	2024-2025
Manufacturing expenses		
Stores consumed	118.00	115.58
Power and fuel	39.36	37.14
Machinery spares	17.19	12.84
Repairs to machinery	17.67	15.78
Job work charges	82.71	67.42
Labour charges	68.44	54.74
Cost of services	142.39	117.19
Other manufacturing expenses	38.10	28.07
Total Manufacturing expenses	523.86	448.76
Selling expenses		
Commission	23.15	18.36
Freight and forwarding	153.91	125.65
Warranty	103.66	100.55
Royalty	15.42	12.53
Advertisement and publicity	33.23	19.38
Provision for doubtful debts and advances (net)	1.36	(33.91)
Bad debts and irrecoverable balances written off	0.38	0.17
Others selling expenses	9.26	8.35
Total Selling expenses	340.37	251.08

Notes to the Consolidated Financial Statements

Note 41 : Other expenses (Contd..)

₹ in Crores		
Particulars	2025-2026	2024-2025
Administration expenses		
Rent	12.24	24.74
Rates and taxes	7.72	4.70
Insurance	4.14	4.28
Repairs to building	2.48	2.39
Other repairs and maintenance	62.64	53.52
Travelling and conveyance	50.66	48.92
Communication expenses	7.46	6.02
Printing and stationery	2.93	2.19
Professional charges	100.56	96.37
Membership and subscription	0.08	0.10
Auditor's remuneration	1.61	1.21
Office expenses	2.07	1.19
Postage and courier	0.04	0.03
Donations	0.02	0.01
Loan processing charges	6.38	4.29
Corporate social responsibility (CSR) expenses	11.02	8.94
Non Executive Directors' fees and commission	6.50	5.62
Miscellaneous expenses	44.09	27.86
Provision for expected credit loss of financial services business	67.57	53.04
Net (gain)/ loss on assets sold, demolished, discarded and scrapped	(1.23)	(6.13)
Direct Assignment Expenses	0.64	3.82
Net gain on financial assets measured at fair value through profit or loss (unrealised)	3.18	-
(Gain)/ loss on exchange difference	(5.27)	(1.22)
Total Administration expenses	387.53	341.89
Total	1,251.76	1,041.73

Note 42 : Exceptional items

₹ in Crores		
Particulars	2025-2026	2024-2025
Impact of new labour code (expense)/income	(32.45)	-
Profit on sale of property, plant and equipment	-	20.90
Reversal of expected credit loss recorded for investment in AIF	-	15.29
Total	(32.45)	36.19

- i) On 21 November 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws, collectively referred to as the 'New Labour Codes'.

The Ministry of Labour & Employment published draft central Rules and FAQs to enable the assessment of the financial impact due to regulatory changes. The Company has considered an updated salary structure for its employees and assessed the impact

Notes to the Consolidated Financial Statements

Note 42 : Exceptional items (Contd..)

of the changes, consistent with the notified codes, draft rules, FAQs, relevant accounting standards and the best information available. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Company has presented such incremental impact of ₹32.45 Crores under "Exceptional Items".

The Company continues to monitor the finalisation of Central / State Rules and clarifications from the Government on other aspects of the Labour Code and will provide appropriate accounting effects based on these developments in subsequent periods as needed.

2. During the previous year,
- i) gain on sale of aircraft amounting to ₹20.90 Crores. During the previous year, the Company sold an aircraft that was previously subject to an operating lease agreement. The asset was disposed of for a total consideration of ₹21.98 Crores.
- ii) reversal of ₹ 15.29 Crores during the previous year ended 31 March 2025 against the provision recorded by Arka Fincap Limited during FY 2023-2024 and outstanding as at 31 March 2024.

Arka Fincap Limited ("AFL") had recorded a provision of ₹ 30.89 Crores against its investments in Alternate Investment Funds (AIF) during the quarter ended 31 December 2023 as per RBI circular RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated 19 December 2023. Subsequently during the quarter ended 31 March 2024, AFL reversed ₹ 15.60 Crores of provision as per RBI circular RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated 27 March 2024. Further consequent to the sale of its investments in the AIF, AFL had reversed the equivalent provision of ₹ 7.42 Crores during the quarter ended 30 June 2024 and had reversed the entire balance provision of ₹ 7.87 Crores during the quarter ended 30 September 2024 as mentioned above.

Note 43 : Tax expense

1. The major components of income tax expenses for the year ended 31 March 2026 and 31 March 2025

₹ in Crores		
Particulars	2025-2026	2024-2025
Current tax		
Current income tax	172.42	145.73
(Excess)/short provision related to earlier years	(1.99)	(0.25)
Total Current tax	170.43	145.48
Deferred tax		
Relating to origination and reversal or temporary difference	28.12	29.62
Total Deferred tax	28.12	29.62
Tax expense with respect to discontinued operations	(0.20)	0.76
Income tax expense reported in the Statement of Profit and Loss	198.35	175.86

2. Deferred tax related to items recognised in OCI during the year

₹ in Crores		
Particulars	2025-2026	2024-2025
Deferred tax related to items recognised in Other Comprehensive Income during the year		
Net loss/(gain) on actuarial gains and losses	0.63	(1.33)
Fair value changes on loans classified under "Hold and Sell" business model	10.74	-
Net loss/ (gain) on FVOCI equity instruments	(0.00)	(0.10)
Deferred tax charged to Other Comprehensive Income	11.37	(1.43)

Notes to the Consolidated Financial Statements

Note 43 : Tax expense (Contd..)

3. Significant estimates made in relation to the Group’s income tax position and impact of non-assessable and non-deductible items on income tax expense:

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2026 and 31 March 2025 :

Current tax

₹ in Crores		
Particulars	2025-2026	2024-2025
Accounting profit before income tax expense from continuing operations	756.27	648.66
Accounting profit before income tax expense from discontinued operations	4.54	3.02
Accounting profit before income tax expense from continuing and discontinued operations	760.80	651.67
Tax at 25.168% (31 March 2025 : 25.168 %)	191.48	164.01
Corporate Social Responsibility Expenses/Donations (net)/Non deductible expenses	2.79	4.77
Interest on MSME dues	1.00	-
Deductions as per Chapter VI-A	(1.17)	(1.00)
Deferred tax impact due to rate change on opening liability	0.06	(0.26)
Difference in tax rate of foreign subsidiary	1.71	0.94
Reversal of deferred tax asset on brought forward unabsorbed losses of subsidiary	-	2.63
Tax on forex conversion of foreign subsidiary	(0.16)	(0.08)
Other Disallowances/(Allowances)	0.72	2.66
Elimination of NCI	2.49	2.55
Disallowances relating to fixed asset	(0.19)	(0.36)
Tax adjustment profit on restructuring	(0.38)	-
Total Tax effect of adjustments in calculating taxable income	6.87	11.85
Income tax expense recognised in the Statement of Profit and Loss	198.35	175.86
Effective Income tax rate	26.07%	26.99%

Note 43a : Discontinued operations

₹ in Crores		
Particulars	2025-2026	2024-2025
The results of the discontinued operations		
Revenue from operations and other income	3.16	19.92
Total expenses	2.87	16.90
Profit/(loss) before tax (A)	0.29	3.02
Tax (B)	(0.20)	0.76
Profit/(loss) after tax (C = A - B)	0.49	2.26
Profit on sale of undertaking (D)	4.25	-

Notes to the Consolidated Financial Statements

Note 43a : Discontinued Operations (Contd..)

₹ in Crores		
Particulars	2025-2026	2024-2025
Tax on profit on sale of undertaking (E)	-	-
Profit after tax on sale of undertaking (F = D - E)	4.25	-
Total profit/(loss) before tax from discontinued operations (A + D)	4.55	3.02
Total tax expense of discontinued operations (B + E)	(0.20)	0.76
Total profit/(loss) after tax from discontinued operations (C + F)	4.75	2.26
Cash flows:	9.88	3.13
Cash flow from operating activities	(0.82)	3.13
Cash flow from investing activities	10.70	-

- The Board of Directors of the subsidiary company KOEL Fluid Dynamics Private Limited (KFD) in its meeting held on 19 June 2025 approved the sale and transfer of its ‘Cables, Wires & Pipes business’ by way of slump sale on a going concern basis to M/s Vira Logistics, a partnership firm having its office situated at Rajkot, Gujarat 360035 (“Buyer”), at an aggregate consideration of ₹10.70 Crores subject to closing adjustments. The Business Transfer Agreement (BTA) was executed on 30 June 2025 (Closing date) between KFD and the Buyer. Pursuant to the aforesaid BTA the ‘Cables, Wires & Pipes business’ of KFD is transferred to the Buyer w.e.f. closing date.

Details of Slump Sale

₹ in Crores	
Particulars	For the year ended 31 March 2026
Consideration received:	
Cash	10.70
Carrying amount of net asset sold	(6.45)
Gain on sale before income tax	4.25
Income tax expense on gain	-
Gain on sale after income tax	4.25

The carrying of assets and liabilities as the date of sale (30 June 2025) were as follows:

₹ in Crores	
Particulars	As at 30 June 2025
I. Non-current assets	4.18
II. Current assets	3.12
Total assets	7.30
Liabilities	
I. Non-current liabilities	0.19
II. Current liabilities	0.66
Total liabilities	0.85
Net assets	6.45

Notes to the Consolidated Financial Statements

Note 44: Notes to and forming part of the Consolidated Financial Statements as at and for the year ended 31 March 2026

1 Corporate information

The Consolidated Financial Statements comprise the financial statements of Kirloskar Oil Engines Limited ('the Company') and its subsidiaries (collectively 'the Group'). The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, 1956('the 1956 Act'). The registered office of the Company is located at Laxmanrao Kirloskar Road, Khadki, Pune - 411003 Maharashtra. The equity shares of the Company are listed on two recognised stock exchanges in India i.e. Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Group is engaged in the business of manufacturing of diesel engines, agricultural pump sets, electric pump sets, power tiller, generating sets, spares thereof and providing financial services.

During financial year 2015-16, the Company invested \$ 250,000 in 50 equity shares of Kirloskar Americas Corporation, incorporated under State of Delaware laws, United States of America and based in Houston, Texas. With effect from 23 June 2015, Kirloskar Americas Corporation is a wholly owned subsidiary of the Company. On 29 November 2023, Kirloskar Americas Corporation acquired 51% membership interest in Engines LPG LLC, dba Wildcat Power Gen, USA ('Engines LPG LLC'), from one of its existing member Yanbas, LLC, in exchange for approximate cash consideration of \$357,000. Consequent to the said acquisition, Engines LPG LLC became a subsidiary of Kirloskar Americas Corporation.

The Company incorporated Kirloskar International ME FZE as a wholly owned subsidiary company w.e.f. 7 January 2025.

During financial year 2017-18, the Company acquired 76% equity shares in KOEL Fluid Dynamics Private Limited ('KFD') (formerly known as La-Gajjar Machineries Private Limited) from its promoters at ₹253.78 Crores and with effect from 1 August 2017, KFD was a subsidiary of the Company. Further, on 26 September 2022, the Company acquired remaining 24% stake for ₹109.36 Crores and KFD became a wholly owned subsidiary of the Company.

During financial year 2018-19 and 2019-20, the parent has invested ₹27 Crores and ₹499.50 Crores respectively in "Arka Fincap Limited (formerly known as Kirloskar Capital Limited)." The Company is registered as a non-banking financial institution and has obtained certificate of registration from Reserve Bank of India bearing no. N-13.02282 dated 29

October 2018 in pursuance of Section 45-IA of the 'RBI' Act, 1934. With this, Arka Fincap Limited (formerly known as "Kirloskar Capital Limited.") is 100% subsidiary of Kirloskar Oil Engines Limited, India with effect from 20 April 2018. Further, the parent has also invested ₹124.82 Crores towards rights issue of 11,34,69,828 Shares in financial year 2020-21.

During the financial year 2020-21, KFD acquired cables and pipes business of Optiflex Industries (a partnership firm) through Optiqua Pipes and Electricals Private Limited (a wholly owned subsidiary of KFD w.e.f. 19 February 2021) for ₹8.50 Crores. Further, on 4 October 2021, ESVA Pumps India Private Limited (ESVA) was formed as a Joint Venture (JV) between OPEPL (49%) and 2 other venturers (i.e. Mr. V Bharanitharan (25.5%), Mrs. C Shanthi (25.5%)). During FY 2023-24, pursuant to the approved Scheme of Amalgamation, OPEPL amalgamated with KFD. Consequently, OPEPL's interest of 49% in ESVA was transferred to KFD.

During FY 2024-25, 22,38,506 fully paid-up equity shares were bought back by ESVA from KFD at a consideration of ₹2.91 Crores. Further the Board of Directors of KFD in its meeting held on 28 September 2024 approved the termination of Joint Venture arrangement with ESVA and accordingly the balance stake held by KFD in ESVA was sold to the Promoters of ESVA for consideration of ₹3.69 crores on 30 September 2024. Consequential to the termination of Joint Venture arrangement, w.e.f. 28 September 2024 ESVA ceased to be a Joint venture of KFD and accordingly of the Company thereafter.

With effect from 20 April 2018, Arka Fincap Limited ('AFL') is a wholly owned subsidiary of the Company. AFL is registered as a non-banking financial institution and has obtained certificate of registration from Reserve Bank of India bearing no. N-13.02282 dated 29 October 2018 in pursuance of Section 45-IA of the Reserve Bank of India Act, 1934. Through 2018-19 to 2021-22, the Company invested ₹701.32 Crores in equity share capital of AFL. During the financial year 2021-22, the Company transferred 68,09,02,231 fully paid-up equity shares having face value of ₹10/- each of Arka Fincap Limited (AFL - Subsidiary Company) to Arka Financial Holding Private Limited (AFHPL), a wholly owned subsidiary at ₹753.96 Crores. Accordingly, AFHPL is holding 99.998% of AFL. As such AFL is subsidiary of AFHPL and continues to be a step- down subsidiary instead of subsidiary of the Company w.e.f 4 March 2022.

Through the financial year 2021-22 to 2024-25, the Company invested ₹1,052.65 Crores in equity shares having face

Notes to the Consolidated Financial Statements

value of ₹10 each of Arka Financial Holdings Private Limited ('AFHPL'- a wholly owned subsidiary) through the rights Issue offered by AFHPL.

During the financial year 2021-22, AFHPL incorporated a new company viz., Arka Investment Advisory Services Private Limited ('AIASPL') as a wholly owned subsidiary of AFHPL and as such a step-down subsidiary of the Company. AIASPL is engaged in business activities to act as Investment Manager for the purpose of management of funds and undertaking advisory business.

The Board of Directors of the Company in its meeting held on 11 February 2026 had given its consent for incorporation of a wholly owned subsidiary of the Company, with the initial investment upto ₹9 Crores. Accordingly, the Company has incorporated Kirloskar Advanced Systems Private Limited (wholly owned subsidiary of the Company) w.e.f. 30 March 2026.

2 Basis of preparation of The Consolidated Financial Statements

The Group's consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('Ind AS') as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the Companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The consolidated financial statements have been prepared on accrual basis following historical cost convention, except for,

- certain financial assets and financial liabilities that are measured at fair value or amortised cost in accordance with Ind AS.
- defined benefit plans - plan assets measured at fair value.
- equity settled share based payments measured at grant date fair value.

Amounts in the consolidated financial statements are presented in Indian Rupees in crores rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 14 May 2026

3 Basis of consolidation

(i) Basis of accounting and preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ('Ind AS') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the 2013 Act') and the relevant provisions of the 1956 Act / 2013 Act, including rules thereunder as applicable and guidelines issued by Securities and Exchange Board of India ('SEBI'). The accounting policies adopted in the preparation of the consolidated financial statements are consistent. All assets and liabilities have been classified as Current or Non-current as per the respective Company's normal operating cycle and other criteria set out in Schedule III to the 2013 Act.

(ii) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 110, "Consolidated Financial Statements".
- The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra Group balances and intra group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India.
- When the subsidiary company has with other entities, joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. The results, assets and liabilities of joint ventures are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments in application of accounting policies. The unrealised profits/losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment. The carrying amount of investment in joint ventures is reduced to recognise impairment, if any.

Notes to the Consolidated Financial Statements

3 Basis of consolidation (Contd..)

When the subsidiary's share of losses of a joint venture exceeds the subsidiary's interest in that joint venture, the company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the subsidiary has incurred legal or constructive obligations or made payments on behalf of the joint venture.

d. The consolidated financial statements are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Company separate financial statements. Differences if any, in accounting policies have been disclosed separately.

e. Particulars of subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of Company	Country of Incorporation	% of Shareholding of Kirloskar Oil Engines Ltd.	Consolidated As
*Kirloskar Americas Corporation	United States of America	100%	Subsidiary
KOEL Fluid Dynamics Private Limited (formerly known as La-Gajjar Machineries Private Limited)	India	100%	Subsidiary
*Arka Financial Holdings Private Limited (AFHPL)	India	100%	Subsidiary
Kirloskar International ME FZE	United Arab Emirates	100%	Subsidiary
Kirloskar Advanced Systems Private Limited	India	NA	Subsidiary

* On consolidated basis. Also refer notes forming part of Note 44.6.19

f. The accounting policies of the Company are best viewed in its independent financial statements. Differences in accounting policies followed by the Kirloskar Americas Corporation, KOEL Fluid Dynamics Private Limited Arka Financial Holding Private Limited, Kirloskar International ME FZE and Kirloskar Advanced Systems Private Limited have been reviewed and no adjustments have been made, since the impact if any of these differences is not significant.

4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. 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 future periods. The Group continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

4.1 Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Leases

The Group has applied provisions of Ind AS 116 effective 1 April 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgement.

Capital work-in-progress

Project is construed as smallest group of assets having a common intended use. For e.g., Group of assets in an integrated plant is treated as one project. The identification of project requires judgement and management identifies project based on facts of each case. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

Notes to the Consolidated Financial Statements

4.1 Judgements (Contd..)

Revenue recognition

The Group recognises revenue for each performance obligation either at a point in time or over a time. In case performance obligation is satisfied over a time, the output method is used to determine the revenue since it is faithfully depicting the Group's performance towards complete satisfaction of performance obligation. Practical expedient of "right to consideration" is also considered while recognizing revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the Group generally recognises revenue when the control is transferred i.e. in case of goods either on shipment or upon delivery in domestic and on bill of lading date in case of export. In case of services, the revenue is recognised based on completion of distinct performance obligation. Refer material accounting policy Note 44.5.17 on revenue recognition for information about methods, input and assumptions w.r.t transaction price and variable consideration.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in the Statement of Profit and Loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-

controlling interests' share of subsequent changes in equity of subsidiaries.

The cost of an acquisition also includes the estimated fair value of any contingent consideration measured as at the date of acquisition. This measurement is based on information available at the acquisition date and is based on expectations and assumptions that have been deemed reasonable by management. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the consolidated Statement of Profit and Loss.

Business Combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Acquisition of some or all of the non-controlling interest ('NCI') is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transactions.

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on information available till the date of approval of consolidated financials statements. The estimates and assumptions used, however may change based on future developments, due to market environment or due to circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions and estimates when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions

Notes to the Consolidated Financial Statements

4.2 Estimates and assumptions (Contd..)

that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 44.6.7

Development costs

The Group capitalises development costs for a project in accordance with its accounting policy. Initially, capitalisation of costs is based on management's judgement that the technological and economic feasibility is confirmed when a product development project has reached a defined milestone, according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

For further details about the carrying amount of development costs capitalised as Internally generated intangible assets and as intangible assets under development, Refer Note 2.

Warranty

The Group recognises provision for warranties in respect of the products that it sells. The estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures.

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Impairment of goodwill recognised under Business Combination

The Group estimates whether goodwill accounted under business combination has suffered any impairment on annual basis. For this purpose, the recoverable amount of the CGU is determined based on value in use calculations which require the use of assumptions.

Share based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 44.6.16.

5 Material accounting policies

5.1 Current Vs. Non-current classification

The Group presents assets and liabilities in the Balance Sheet based on Current/Non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle or
- Held primarily for the purpose of trading or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents 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.

Notes to the Consolidated Financial Statements

5.1 Current Vs. Non-current classification (Contd..)

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle or
- Held primarily for the purpose of trading or
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as Non-current.

Deferred tax assets and liabilities are classified as Non-current assets and liabilities.

The Group classifies all other liabilities as Non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

5.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

Methods and assumptions used to estimate the fair values are consistently followed.

5.3 Property, plant and equipment

- Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any other than those acquired in a business combination. Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise,

Notes to the Consolidated Financial Statements

5.3 Property, plant and equipment (Contd..)

- when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Capital work-in-progress comprises cost of Property, plant and equipment that are not yet installed and ready for their intended use at the Balance Sheet date.

Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

Project is construed as smallest group of assets having a common intended use. Group of assets in

an integrated plant is treated as one project. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

When temporary suspension is a necessary part of the process of getting an asset ready for its intended use, the project is not considered to have been temporarily suspended and the CWIP related to such projects is continued to be presented under 'Projects in progress'.

Depreciation and Amortisation

The Group charged depreciation on the basis of useful life of assets on straight line method, which are as follows :

Useful life of assets considered as follows:

Asset Category	Life (in years)	Basis for useful life
Factory buildings	30	
Building- Non factory		
RCC Frame Structure	60	
*Other than RCC Frame Structure	30	
Fence, Wells, Tube wells	5	Life as prescribed under Schedule II of the Companies Act, 2013
Building – Roads		
Carpeted Roads- RCC	10	
Carpeted Roads- Other than RCC	5	
Non Carpeted Roads	3	
Building - Temporary shed	3	
*Plant & Equipment other than Pattern Tooling	7.5 to 15	Useful life based on Number of Shifts as prescribed under Schedule II of the Companies Act, 2013
Plant & Equipment - Pattern tooling	4 to 15	Lower useful life considered based on past history of usage and supported by Technical Evaluation
*Solar Power Plant	25	Higher useful life considered supported by technical evaluation
Computers		
Network	6	Life as prescribed under Schedule II of the Companies Act, 2013
End user devices, such as, desktops, etc.	3	
*Laptops	3 to 5	Higher useful life considered based on past history of usage
Servers	4 to 6	Lower useful life considered based on past history of usage and supported by Technical Evaluation
Electrical Installations	10	Life as prescribed under Schedule II of the Companies Act, 2013
*Furniture & Fixture		
Furniture, Fixtures and Electrical Fittings	10	Life as prescribed under Schedule II of the Companies Act, 2013
Furniture , AC , Refrigerators and Water coolers - Residential Premises	4	Lower useful life considered based on past history of usage
AC, Refrigerators and Water coolers - Company and Guest House Premises	5	Lower useful life considered based on past history of usage
Office Equipment	3 to 10	Lower useful life considered based on past history of usage
*Vehicles		
Motorcars, Jeep	5 to 8	Lower useful life considered based on past history of usage
Trucks	5	
Other vehicles	5 to 10	
*Aircrafts	15	Lower useful life considered based on past history of usage and supported by technical evaluation

Notes to the Consolidated Financial Statements

5.3 Property, plant and equipment (Contd..)

- Used assets obtained under Business Combination are measured based on their remaining useful life as on the date of acquisition.
- Depreciation on additions is provided from the beginning of the month in which the asset is added.
- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.
- Foreign exchange fluctuation gain/ loss on imported plant and equipment were capitalized in the cost of the respective fixed asset up to transition date of Ind AS. Depreciation on such additions is provided over the remaining useful life of the underlying plant and equipment.

*The Group, based on technical assessments made by technical experts and management estimates depreciates certain items of plant and equipment; building; computers; furniture and fixtures; vehicles and aircraft over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of Property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

5.4 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development

phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Group, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses. Other internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss for the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Sr. No.	Asset category	Life (in years)
1	Computer Software	3 to 8
2	Drawings & Designs	10
3	Technical Knowhow – acquired	6 to 7
4	Technical Knowhow - Internally generated	3 to 5
5	Brand	10 to 15
6	Customer relationship	5

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome

Notes to the Consolidated Financial Statements

5.4 Intangible assets (Contd..)

of development will be commercially exploited to yield future economic benefits to the Group, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

5.5 Borrowing costs

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

5.6 Impairment of Non financial assets

The Group assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss account. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Statement of Profit and Loss account. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

5.7 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

a Financial assets

i Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. However, trade receivable that do not contain a significant financing component are measured at transaction price.

ii Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

– Financial assets at amortised cost :

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost by applying the effective interest rate ('EIR'). The amortised cost is calculated by taking into account any premium or discount on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising

Notes to the Consolidated Financial Statements

5.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

from impairment are recognised in the Statement of Profit and Loss.

– Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in Other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, such asset/s are classified as held at FVOCI. The fair value gain on such loans has been disclosed as "Fair value changes on loans classified under "Hold and Sell" business model" under other comprehensive income and recognition of profit and loss on sale of investments to be determined as per Ind AS.

Financial assets included within the FVOCI category are measured subsequently at each reporting date at fair value. Interest income using effective interest rate ('EIR') and impairment loss are recognised in the statement of profit and loss. Fair value movements on subsequent measurement are recognised in the OCI.

The Group has elected irrevocable option to classify investment in Equity instruments in FVOCI. The Group makes such election on an instrument-by-instrument basis. Where the Group classifies equity instruments as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

– Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Investments in equity instruments are classified as at FVTPL, unless the related instruments are not held for trading and the Group irrevocably elects on initial recognition to present subsequent changes in fair value in Other comprehensive income.

In addition, the Group may elect to classify a financial asset, which otherwise meets amortised cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the Statement of Profit and Loss.

iii Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
- or
- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises

Notes to the Consolidated Financial Statements

5.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

iv Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification

is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Other Comprehensive Income ('OCI'). No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

v Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments and are measured at amortised cost.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 116
- Trade receivables under Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables resulting from transactions within the scope of Ind AS 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component, if the Group applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Notes to the Consolidated Financial Statements

5.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

For the computation of ECL on the financial instruments in the Group namely Arka Fincap Limited (NBFC), the financial instruments are categorised as below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 90 days or more are considered as to be stage 3 assets.

The stepdown subsidiary company (NBFC) undertakes the classification of exposures within the aforesaid stages at each borrower account level.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD): The Exposure at Default is the amount the stepdown subsidiary company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

For the financial services business, ECL allowance is computed on individual basis based on type of asset/ exposure and nature of collateral.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Consolidated Financial Statements

5.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss. This amount is reflected in a separate line in the Statement of Profit and Loss as an impairment gain or loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not derecognise impairment allowance from the gross carrying amount.
- Loan commitments: ECL is presented as a provision in the Balance Sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase/ origination.

b Financial liabilities

i Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

ii Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

– Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for

the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

– Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ losses are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Group has not designated any financial liability as at fair value through profit and loss.

– Loans and borrowings at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

iii Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its Balance Sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

5.7 Financial instruments – initial recognition and subsequent measurement (Contd..)

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

5.8 Derivatives

The Group uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Group. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the Statement of Profit and Loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the Statement of Profit and Loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Group.

5.9 Foreign currency transactions

a Initial recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the Foreign currency at the date of the transaction.

b Conversion

Current assets, current liabilities, secured loans, being monetary items, designated in foreign currencies are revalored at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

c Exchange differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the

acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. Further, as per extant circulars issued by the Ministry of Corporate Affairs, eligible exchange difference on foreign currency loans utilized for acquisition of assets, was adjusted in the cost of the asset to be depreciated over the balance life of the asset up to transition date of Ind AS.

5.10 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

a Where the Group is a lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. The Group uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Group considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Group applies both recognition exemptions. The lease payments associated with those leases are generally recognised as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

Right-of-use assets:

Right-of-use assets, which are included under Property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Group also applies the practical

Notes to the Consolidated Financial Statements

5.10 Leases (Contd..)

expedient that the payments for non-lease components are generally recognised as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liabilities

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

b Where the Group is a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Group is a lessor under an operating lease, the asset is capitalised within Property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

5.11 Inventories

- Raw materials, components, stores and spares are valued at cost or net realisable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition.
- Work-in-progress including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.
- Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of Balance Sheet.

- Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- Traded Goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

5.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

5.13 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in Other Comprehensive Income or directly in equity is recognised in Other Comprehensive Income ('OCI') or in equity, respectively, and not in the Statement of Profit and Loss. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a

Notes to the Consolidated Financial Statements

5.13 Taxes (Contd..)

transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences including, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax / Goods and Services tax ("GST")

Expenses and assets are recognised net of the amount of sales tax / GST, except:

- When the sales tax/GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax/GST included

The net amount of sales tax/GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

5.14 Non-current assets held for sale and discontinued operations

a Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

b Discontinued operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as Profit or Loss after tax from discontinued operations in the Statement of Profit and Loss account.

Assets and liabilities classified as held for distribution are presented separately from others assets and liabilities in the Balance Sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

Notes to the Consolidated Financial Statements

5.14 Non-current assets held for sale and discontinued operations (Contd..)

- i Represents a separate major line of business or geographical area of operations,
- ii Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
Or
- iii Is a subsidiary acquired exclusively with a view to resale

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

5.15 Employee benefits

a Short term employee benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b Post-employment benefits

i Defined contribution plan

The Group makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the Statement of Profit and Loss during the period in which the employee renders the related service. The Group has no further obligations under these schemes beyond its periodic contributions.

ii Defined benefit plan

The employee's gratuity fund scheme, pension, post-retirement medical and long term service award benefit schemes are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit or Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs
 - Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

c Other long term employment benefits:

The employee's long term compensated absences are Group's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on a net basis.

In regard to other long term employment benefits, the Group recognises the net total of service costs; net interest on the net defined benefit liability (asset); and remeasurements of the net defined benefit liability (asset) in the Statement of Profit and Loss.

d Termination benefits :

Termination benefits such as compensation under voluntary retirement scheme are recognised in the Statement of Profit and Loss in the year in which termination benefits become payable or when the Group determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

Notes to the Consolidated Financial Statements

5.16 Provisions, contingencies and commitments

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Commitments are future liabilities for contractual expenditure, classified and disclosed as Estimated amount of contracts remaining to be executed on capital account and not provided for.

Onerous contracts

A contract is considered to be onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least of net cost of exiting from the contract, the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

5.17 Revenue recognition

Revenue from operations

a Sale of goods & services:

The Group recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the Group expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when any uncertainty is subsequently resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount

depending on which it is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the group.

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. The Group reasonably estimates the standalone selling prices if such prices are not observable. For each performance obligations identified as above, the revenue is recognised either at a point in time or over time. When the Group's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

The incremental cost to obtain a contract are recognised as an asset if the Group expects to recover those cost over the period of contract. The Group recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Customer reward points by one of subsidiary provide a material right to customers that they would not have received had they not entered into the contract. Thus, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the reward points on the basis of relative stand -alone selling price. Management estimates the standalone selling price per reward point on the basis of the benefits passed on to the customer and on the basis of the likelihood of redemption, based on past experience.

Revenue is recognised when

- i) The Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer accepts the same and confirms to the Group basis which criteria for bill and hold is met.
- ii) The Group has identified the goods as belonging to the customer and stored them separately in the factory premises until goods are cleared from the factory premises.

Notes to the Consolidated Financial Statements

5.17 Revenue recognition (Contd..)

- iii) The goods are ready for physical transfer to the customer from the factory premises of the Group.
- iv) The Group cannot use the goods for any other purpose or to direct it to another customer.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue.

b Recognition of Interest income of financial services business

Interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination/processing fee and transaction costs that are an integral part of the EIR. The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets.

c Recognition of Origination fees or Processing fees income of financial services business

Origination fees, which the stepdown subsidiary Company Arka Fincap Limited has received/recovered at time of granting of a loan, is considered as a component for computation of the effective interest rate (EIR) for the purpose of computing interest income.

d Recognition of Profit/loss on sale of investments of financial services business

Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of mutual fund units is determined based on the first in first out (FIFO) method.

e Net gain/(loss) on Fair value changes of financial services business

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the Balance Sheet date is recognised as a Fair value gain or loss as a gain or expense respectively.

f Contract balances

Contract assets

The incremental cost to obtain a contract are recognised as an asset if the Group expects to recover those cost over the period of contract. The Group recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognised in the Statement of Profit and Loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Group expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations).

Trade receivables

The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when the Group performs under the contract.

Bill and hold arrangements

In case of bill and hold arrangements revenue is recognized when the Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

Other income

a Interest income from Financial Assets

Interest income from financial assets is recognised using effective interest rate method.

Notes to the Consolidated Financial Statements

5.17 Revenue recognition (Contd..)

b Dividend income

Dividend income is recognised when the Group's right to receive the amount has been established.

c Others

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably.

5.18 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the group is treated as an exceptional item and the same is disclosed in the Note 42.

5.19 Government grants

Grants and subsidies from the government are recognised if the following conditions are satisfied :

- There is reasonable assurance that the Group will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

a Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognised as "Other operating income" in the Statement of Profit and Loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

b Industrial promotion subsidy

Government grants received with reference to Industrial promotion subsidy under Packaged Scheme of Incentives, 2001 is treated as grant related income and is recognised as Other operating income in the Statement of Profit and Loss as per the appropriate recognition criteria.

c Export promotion capital goods

Government grants received with reference to export promotion capital goods scheme are initially recognised as deferred revenue and grant in proportion of export obligation achieved during the year is reduced from

deferred revenue and recognised as "Other operating income" in the Statement of Profit and Loss.

5.20 Cash dividend

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the provisions of the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of Non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Statement of Profit and Loss.

5.21 Share based employee payments

Equity settled share based payments

Eligible Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Group recognises compensation expense relating to share based payments in accordance with Ind AS 102 "Share-based Payment". Stock options granted by the Group to its employees are accounted as equity settled options. Accordingly, equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 44.6.16. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revisits its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share based payments reserve.

Notes to the Consolidated Financial Statements

5.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

5.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of the Balance Sheet.

5.24 Segment reporting

- a Identification of segments**
The identification of operating segments is consistent with performance assessment and resource allocation by the management.
- b Allocation of common costs**
Common allocable costs are allocated to the reportable segment based on sales of reportable segment to the total sales of the Group.
- c Unallocated items**
Corporate assets and liabilities, income and expenses which relate to the Group as a whole and are not allocable to segments, are included under other reconciling items.

5.25 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. 1 April 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:

Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. 1 April 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 have disclosed relevant information 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 impact in its financial statements.

Notes to the Consolidated Financial Statements

6 Additional notes to the Financial Statements

6.1 Contingent liabilities

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
i Central excise demands	20.09	20.09
ii Sales tax and Goods & Service Tax demands	5.82	5.46
iii Customs duty demands	0.00	0.00
iv Income tax demands	5.83	7.32
v Claims against the Group not acknowledged as debts	52.16	54.01
vi Performance bank guarantee outstanding	10.66	10.25

6.2 Other contingent liabilities

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
a Aggregate amount of such letters of credit outstanding (Charge of hypothecation referred to in Note no. 27 for working capital facilities extends to letter of credit issued by the Group’s bankers)	132.80	11.87
b Aggregate liquidated damages on unexecuted orders	6.88	11.27

6.3 Capital commitments

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	395.51	185.49

6.4 Other commitments

The Company has given letter of comfort/undertaking to one of the step-down subsidiary's bankers for credit facilities availed by that step-down subsidiary. As per the terms of letter of comfort/undertaking, the subsidiary company undertakes not to divest its ownership interest directly or indirectly in the step-down subsidiary beyond specified percentage.

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Loans sanctioned not yet disbursed	74.43	425.80

6.5 The Sales for the current year includes an amount of ₹ 13.43 Crores (31 March 2025 : ₹ 1.31 Crores) on account of supplies to Special Economic Zone (SEZ).

Notes to the Consolidated Financial Statements

6.6 Revenue recognition

a Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue from contracts with its customers:

For the year ended 31 March 2026

₹ in Crores				
Business*	B2B	B2C	Financial services	Total
Power Gen Business	2,598.33	-	-	2,598.33
Industrial Business	1,444.07	-	-	1,444.07
Distribution & Aftermarket Business	968.38	-	-	968.38
International Business	638.51	42.11	-	680.63
Water Management Solutions	-	1,073.22	-	1,073.22
Financial Services Business	-	-	876.67	876.67
Total	5,649.29	1,115.33	876.67	7,641.29

For the year ended 31 March 2025

₹ in Crores				
Business*	B2B	B2C	Financial services	Total
Power Gen Business	1,968.85	-	-	1,968.85
Industrial Business	1,181.24	-	-	1,181.24
Distribution & Aftermarket Business	842.97	-	-	842.97
International Business	497.81	48.89	-	546.70
Water Management Solutions	-	956.90	-	956.90
Financial Services Business	-	-	780.42	780.42
Total	4,490.87	1,005.79	780.42	6,277.09

*W.e.f. 1 April 2025, Farm Mechanisation business has been reorganised from B2C business segment to B2B business segment. Previous period figures have been restated accordingly

b Revenue recognised in relation to contract liabilities

Movement of contract liabilities

₹ in Crores		
Particulars	2025-26	2024-25
Contract liabilities at the beginning of the year	179.78	99.23
Add / (Less):		
Consideration received during the year as advance	123.94	200.66
Written off/refund/cancellation	(2.89)	(0.16)
Revenue recognised from contract liabilities *	(150.89)	(119.95)
Contract liabilities at the end of the year	149.94	179.78

* Includes revenue of ₹ 82.44 Crores (31 March 2025 : ₹ 38.34 Crores) during the year from its contract liabilities as on 1 April 2025. Contract liabilities are presented in Note 26 & Note 31 as "Advance from customer" and "Revenue received in advance."

Notes to the Consolidated Financial Statements

6.6 Revenue recognition (Contd..)

c Information about performance obligation

- The Group is mainly in the business of manufacturing and trading of engines, gensets, electric pumps , related spares and providing financial services. The group also provides after sales services such as annual maintenance contract, extended warranty etc.
- The Group generally recognises revenue in case of goods, when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery as per the terms of contracts in domestic and in case of export on the date of bill of lading.

In case of services, where performance obligation is satisfied at a point in time, revenue is generally recognised upon completion of services and on obtaining work completion certificates from the customers. In contracts under which performance obligation satisfied over a period of time, Revenue is generally recognised either according to stage of completion or on straight line basis depending upon the type of services provided. The stage of completion is determined based on the contractual terms.

When the Group's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis.

The payment is due from the date of invoice and payment terms are generally in the range of 0 to 90 days depending on product/market segment and market channel excluding some exceptions.

- The Group provides to its customers warranties in the forms of Repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".

d Unsatisfied performance obligations as at the end of year:

As on 31 March 2026, the Group has unsatisfied performance obligation of ₹ 172.99 Crores (31 March 2025 : ₹ 182.22 Crores). The Group expects that ₹ 103.20 Crores will be recognised as revenue in financial year 2026-27 and remaining in subsequent years based on contractual terms.

e Asset recognised for cost incurred to obtain a contract and cost incurred to fulfil contract

As on 31 March 2026, The Group has recognised an asset of ₹ 11.70 Crores (31 March 2025 : ₹ 2.99 Crores) for cost incurred to obtain and fulfill the contracts. Asset recognised is included in Note 18 Other current asset : Prepaid expenses.

f Reconciliation of the group's revenue from contract with customers and contract price :

₹ in Crores		
Particulars	2025-26	2024-25
Contract price	7,760.03	6,377.36
Adjustment for :		
Contract liabilities: Discounts, incentives & late delivery charges	(118.75)	(82.57)
Revenue from contracts with customers	7,641.29	6,294.79

6.7 Employee Benefit Plans

A. Defined contribution plans:

Amount of ₹ 25.86 Crores (31 March 2025 : ₹ 22.37 Crores) is recognised as expenses and included in Note 38 "Employee benefits expense".

B. Defined benefit plans:

The Group has following post employment benefits which are in the nature of defined benefit plans:

- Gratuity
- Pension, Post retirement medical scheme and Long-term award scheme

6.7 Employee Benefit Plans (Contd..)

31 March 2026 : Changes in defined benefit obligation and plan assets

₹ in Crores

Particulars	1 April 2025	Gratuity cost charged to Statement of Profit and Loss				Remeasurement gains/(losses) in other comprehensive income								Transfer Out*	31 March 2026
		Service cost		Net interest expense	Sub-total included in Statement of Profit and Loss and Loss (Note 38)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer			
		Current	Past												
(a) Gratuity															
Defined benefit obligation	(78.53)	(9.95)	(4.38)	(5.05)	(19.38)	5.69	-	-	2.90	(0.33)	2.57	-	0.28	(89.37)	
Fair value of plan assets	58.30	-	-	3.72	3.72	(4.87)	0.02	-	(0.27)	0.34	0.09	2.20	(0.00)	59.44	
Benefit/(liability)	(20.23)	(9.95)	(4.38)	(1.34)	(15.65)	0.82	0.02	-	2.64	0.01	2.66	2.20	0.28	(29.92)	
(b) Pension, Post retirement medical scheme and Long-term award scheme															
Defined benefit obligation	(2.78)	(0.03)	-	(0.17)	(0.20)	0.47	-	-	0.06	(0.22)	(0.17)	-	-	(2.68)	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Benefit/(liability)	(2.78)	(0.03)	-	(0.17)	(0.20)	0.47	-	-	0.06	(0.22)	(0.17)	-	-	(2.68)	
Total benefit/(liability)	(23.01)	(9.98)	(4.38)	(1.51)	(15.85)	1.29	0.02	-	2.70	(0.21)	2.49	2.20	0.28	(32.60)	

*Impact due to transfer of cables, wires and pipes business by way of slump sale by KOEL Fluid Dynamics Private Limited.

6.7 Employee Benefit Plans (Contd..)

31 March 2025 : Changes in defined benefit obligation and plan assets

₹ in Crores

Particulars	1 April 2024	Gratuity cost charged to Statement of Profit and Loss				Remeasurement gains/(losses) in other comprehensive income								Transfer Out	31 March 2025
		Service cost		Net interest expense	Sub-total included in Statement of Profit and Loss and Loss (Note 38)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer			
		Current	Past												
(a) Gratuity															
Defined benefit obligation	(67.84)	(8.36)	-	(4.63)	(12.99)	772	-	-	(3.39)	(2.03)	(5.42)	-	-	(78.53)	
Fair value of plan assets	54.72	-	-	3.93	3.93	(6.93)	(0.04)	-	(0.16)	0.23	0.03	6.56	-	58.30	
Benefit/(liability)	(13.12)	(8.36)	-	(0.70)	(9.06)	0.79	(0.04)	-	(3.55)	(1.80)	(5.39)	6.56	-	(20.23)	
(b) Pension, Post retirement medical scheme and Long-term award scheme															
Defined benefit obligation	(2.96)	(0.03)	-	(0.19)	(0.23)	0.28	-	-	(0.06)	0.18	0.12	-	-	(2.78)	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Benefit/(liability)	(2.96)	(0.03)	-	(0.19)	(0.23)	0.28	-	-	(0.06)	0.18	0.12	-	-	(2.78)	
Total benefit/(liability)	(16.07)	(8.40)	-	(0.89)	(9.29)	1.07	(0.04)	-	(3.61)	(1.62)	(5.27)	6.56	-	(23.01)	

6.7 Employee Benefit Plans (Contd..)

C. Other long-term employment benefits

The Group has Compensated absences plan which is covered by other long-term employment benefits.

31 March 2026 : Changes in defined benefit obligation and plan assets of Compensated absences

Particulars	1 April 2025		Cost charged to Statement of Profit and Loss				Benefit paid	Contributions by employer	Transfer out*	31 March 2026
	Current	Past	Service cost*	Interest cost	Actuarial changes arising from various assumptions	Sub-total included in Statement of Profit and Loss (Note 38)				
a) Compensated absences										
Defined benefit obligation	(4.84)	(0.98)	(4.84)	(1.85)	(1.22)	(8.90)	2.40	-	0.63	(35.87)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
Benefit/ (liability)	(29.99)	(0.98)	(4.84)	(1.85)	(1.22)	(8.90)	2.40	-	0.63	(35.87)

* The leave encashment policy of the Company has been revised from 1 October 2024 wherein the salary considered for encashment has been changed from Gross to Basic for some of the grades.

31 March 2025 : Changes in defined benefit obligation and plan assets of Compensated absences

Particulars	1 April 2024		Cost charged to Statement of Profit and Loss				Sub-total included in Statement of Profit and Loss (Note 38)	Benefit paid	Contributions by employer	31 March 2025
	Current	Past	Service cost	Interest cost	Actuarial changes arising from various assumptions	Sub-total included in Statement of Profit and Loss (Note 38)				
a) Compensated absences										
Defined benefit obligation	(35.51)	-	2.88	(2.38)	1.61	2.11	3.41	-	-	(29.99)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
Benefit/ (liability)	(35.51)	-	2.88	(2.38)	1.61	2.11	3.41	-	-	(29.99)

Notes to the Consolidated Financial Statements

6.7 Employee Benefit Plans (Contd..)

D. Other disclosures

For Gratuity, the major categories of plan assets and the percentage that each major category constitutes of the fair value of the total plan assets are as follows:

Particulars	₹ in Crores	
	31 March 2026	31 March 2025
Insured managed funds	59.44	58.30
(%) of total plan assets	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Group's plans are shown below:

Particulars	31 March 2026	31 March 2025
Discount rate	7.10%	7.20% - 7.30%
Future salary increase	7.00% - 10.00%	7.00% - 10.00%
Expected rate of return on plan assets	6.61% - 6.70%	7.20% - 7.50%
Expected average remaining working lives (in years)		
Gratuity	5.60 - 9.17	3.26 - 12.00
Pension, Post retirement medical scheme and Long-term award scheme	7.03 - 7.50	7.51 - 9.22
Compensated Absences	5.62 - 9.18	3.26 - 9.85
Withdrawal rate (based on grade and age of employees)		
Gratuity	0% - 34%	0% - 30%
Pension, Post retirement medical scheme and Long-term award scheme	0.00%	0.00%
Compensated Absences	0% - 34%	0% - 30%

A quantitative sensitivity analysis for significant assumptions is as shown below:

Gratuity

Particulars	Sensitivity level	₹ in Crores	
		(Increase) / Decrease in defined benefit obligation (Impact)	
		31 March 2026	31 March 2025
Discount rate	1% Increase	13.97	5.58
	1% Decrease	(18.31)	(6.36)
Future salary increase	1% Increase	(17.27)	(5.39)
	1% Decrease	15.51	4.86
Withdrawal rate	1% Increase	(5.69)	0.55
	1% Decrease	5.74	(0.62)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



Notes to the Consolidated Financial Statements

6.7 Employee Benefit Plans (Contd..)

Pension, Post retirement medical scheme and Long-term award scheme

₹ in Crores

Particulars	Sensitivity level	(Increase) / Decrease in defined benefit obligation (Impact)	
		31 March 2026	31 March 2025
Discount rate	1% Increase	0.11	0.11
	1% Decrease	(0.12)	(0.13)
Withdrawal rate	1% Increase	0.00	0.00
	1% Decrease	-	-

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

₹ in Crores

Particulars	31 March 2026	31 March 2025
Within the next 12 months (next annual reporting period)		
Gratuity	10.38	9.11
Pension, Post retirement medical scheme and Long-term award scheme	0.35	0.35
Compensated absences	1.12	0.34
Between 2 and 5 years		
Gratuity	35.76	27.92
Pension, Post retirement medical scheme and Long-term award scheme	1.27	1.31
Compensated absences	1.05	-
Beyond 5 years		
Gratuity	73.62	46.96
Pension, Post retirement medical scheme and Long-term award scheme	1.27	1.36
Compensated absences	0.92	-
Total expected payments	125.74	87.35

Weighted average duration of defined plan obligation (based on discounted cash flows)

In years

Particulars	31 March 2026	31 March 2025
Gratuity	6.95 - 9.65	3.30 - 12.00
Pension, Post retirement medical scheme and Long-term award scheme	5.2 - 7.01	6.06 - 7.91

The followings are the expected contributions to planned assets for the next year:

₹ in Crores

Particulars	31 March 2026	31 March 2025
Gratuity	12.76	11.10

Notes to the Consolidated Financial Statements

6.7 Employee Benefit Plans (Contd..)

Risk Exposure

Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Discount rate risk:** Variations in the discount rate used to compute the present value of the liabilities may see small, but in practise can have a significant impact on the defined benefit liabilities.
- Future salary escalation and inflation risk:** Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.
- Asset risks:** Plan assets are maintained in a trust fund partly managed by a public sector insurer viz; Life Insurance Corporation ("LIC") of India and partly managed by private sector insurer.

LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus and interest rate and inflation risk are taken care of.

With other private insurers the Group has opted for Mutual funds which is market linked with option to invest in equity funds. The group has the option to structure the portfolio based on its risk appetite providing an opportunity to earn market linked returns. But there is an investment risk here which is borne by the Group.

A single account is maintained for both investment and claim settlement and hence 100% liquidity is ensured.

- Asset-Liability mismatch risk:** Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.
- Unfunded Plan Risk:** This represents unmanaged risk and a growing liability. There is an inherent risk here that the Group may default on paying the benefits in adverse circumstances. Funding the plan removes volatility from the balance sheet and better manages defined benefit risk through increased returns.

Funding policy:

There is no compulsion on the part of the Group to fully prefund the liability of the Gratuity Plan. The Group's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

6.8 The Group has identified three operating reportable segments namely B2B, B2C and Financial Services. The identification of operating segments is consistent with performance assessment and resource allocation by the management. The Consolidated Statement of Segment wise Revenue, Results, Assets and Liabilities are as under :

A. Profit (before exceptional items and tax) of reportable segment

₹ in Crores

Particulars	2025-26				
	B2B	B2C	Financial Services	Other Reconciling amounts	Total
Segment Revenue	5,685.81	1,138.53	876.67	-	7,701.01
Total Revenue	5,685.81	1,138.53	876.67	-	7,701.01
Profit before exceptional items and tax	582.63	96.48	92.44	17.17	788.72
Depreciation and amortisation expenses	145.10	16.48	12.46	-	174.04
Interest expenses (net)	9.39	9.72	500.10	3.60	522.81
Exceptional items (income/expense)	(29.68)	(0.73)	(2.04)	-	(32.45)

Notes to the Consolidated Financial Statements

6.8 Segment reporting (Contd..)

₹ in Crores

Particulars	2024-25				
	B2B	B2C	Financial Services	Other Reconciling amounts	Total
Segment Revenue	4,530.01	1,018.68	780.45	-	6,329.14
Total Revenue	4,530.01	1,018.68	780.45	-	6,329.14
Profit before exceptional items and tax	456.30	55.20	89.29	11.68	612.47
Depreciation and amortisation expenses	111.51	18.60	8.32	0.93	139.36
Interest expenses (net)	6.50	10.05	460.90	4.92	482.37
Exceptional items (income/expense)	-	-	15.29	20.90	36.19

B. Capital employed of reportable segment

₹ in Crores

Particulars	As at 31 March 2026				
	B2B	B2C	Financial Services	Unallocated	Total
Assets	2,640.60	748.95	6,751.45	711.44	10,852.44
Total Assets (I)	2,640.60	748.95	6,751.45	711.44	10,852.44
Liabilities	1,405.33	360.29	5,388.29	123.40	7,277.31
Total Liabilities (II)	1,405.33	360.29	5,388.29	123.40	7,277.31

₹ in Crores

Particulars	As at 31 March 2025				
	B2B	B2C	Financial Services	Unallocated	Total
Assets	2,064.06	671.18	7,125.25	621.91	10,482.40
Total Assets (I)	2,064.06	671.18	7,125.25	621.91	10,482.40
Liabilities	1,118.87	337.05	5,869.23	100.53	7,425.68
Total Liabilities (II)	1,118.87	337.05	5,869.23	100.53	7,425.68

C. Geographical based bifurcation of operating segments revenue

₹ in Crores

Particulars	2025-26	2024-25
Domestic	6,804.26	5,626.61
Export	896.75	702.50
Total	7,701.01	6,329.11

D. The Group do not have transactions with single customer amounting to 10 percent or more of the Group's revenues.

Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder

a Description of related parties

i Name of the related party and nature of relationship where control exists:

Sr. No.	Nature of relationship	Name of Related Party
1	Entities controlled by Key Managerial Personnel	Beluga Whale Capital Management Pte Limited Snow Leopard Technology Ventures LLP
2	Associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).	ESVA Pumps India Private Limited (ESVA), Coimbatore (Joint Venture of Optiqua Pipes and Electricals Private Limited (OEPL) upto 25 March 2024 and Joint Venture of KFD w.e.f. 26 March 2024 upto 28 September 2024)
3	Entities controlled by Close Member of Key Managerial Personnel	Kirloskar Energen Private Limited (upto 11 March 2025) Navsai Opportunities Private Limited (formerly known as Navsai Investments Private Limited- name change w.e.f. 22 February 2025) Gumtree Capital Advisors LLP Snow Leopard Infrastructure-1 LLP Snow Leopard Lever Boost LLP Cephalopod Teknik - V LLP (upto 24 March 2025) Binaza Consult Private Limited (earlier known as Binaza Travels Private Limited) Indifour Consult Private Limited Alotoxl Ventures LLP Cephalopod Teknik VI LLP (w.e.f. 4 March 2024 upto 24 March 2025) Paragon Greensutra Private Limited Cephalopod Teknik - VII LLP (w.e.f. 3 October 2024) Snow Leopard Momentum-III LLP (w.e.f. 21 July 2025 upto 18 January 2026) Snow Leopard Momentum IV LLP (w.e.f. 21 January 2026)
4	Promoter/Promoter group which hold(s) 10% or more shareholding	Atul Kirloskar Rahul Kirloskar
5	Post-employment benefit plan of the Company	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund Kirloskar Oil Engines Limited Employees' Gratuity Trust Kirloskar Oil Engines Limited Officers' Superannuation Scheme Kirloskar Oil Engines Limited Officers' Superannuation Trust Kirloskar Oil Engines Limited Employees' Welfare Trust
6	Post-employment benefit plan of Subsidiary Company	La-Gajjar Machineries Private Limited Employees Group Gratuity Trust

Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

ii Key Managerial Personnel and their relatives:

Sr. No	Name	Name of relatives	Relationship
1	Gauri Kirloskar (Managing Director)	Atul Kirloskar	Father
		Arti Kirloskar	Mother
		Christopher Kolenaty	Husband
		Maya Kolenaty	Daughter
		Pia Kolenaty	Daughter

b Transactions with related parties

₹ in Crores

Sr. No.	Nature of the transaction / relationship / name of parties	2025-26		2024-25	
		Amount	Amount	Amount	Amount
1	Purchases of goods or services				
	Associate or joint venture of a member of the Group	-	-	9.50	
	ESVA Pumps India Private Limited	-	-		9.50
	Entity controlled by Close Member of Key Managerial Personnel	0.10	-	0.73	
	Indifour Consult Private Limited	-	0.10		0.73
	Total	0.10	0.10	10.23	10.23
2	Rendering of services by				
	Key Managerial Personnel	8.24		5.35	
	Gauri Kirloskar		8.24		5.35
	Close member of Key Managerial Personnel	1.88		1.86	
	Atul Kirloskar		1.88		1.86
	Promoter & Promoter group holding 10% or more shares	0.39		0.35	
	Rahul Kirloskar		0.39		0.35
	Total	10.50	10.50	7.56	7.56
3	Expenses paid / (recovery) of				
	Key Management Personnel	0.26		0.12	
	Gauri Kirloskar		0.26		0.12
	Close member of Key Managerial Personnel	0.48		-	
	Atul Kirloskar		0.48		-
	Entity controlled by Close Member of Key Managerial Personnel	-		0.03	
	Indifour Consult Private Limited		-		0.03
	Total	0.74	0.74	0.15	0.15

Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

₹ in Crores

Sr. No.	Nature of the transaction / relationship / name of parties	2025-26		2024-25	
		Amount	Amount	Amount	Amount
4	Reimbursement / (recovery) of expenses				
	Associate or joint venture of a member of the Group	-		0.04	
	ESVA Pumps India Private Limited		-		0.04
	Key Managerial Personnel	0.08		0.12	
	Gauri Kirloskar		0.08		0.12
	Close member of Key Managerial Personnel	0.24		0.07	
	Atul Kirloskar		0.24		0.07
	Total	0.32	0.32	0.23	0.23
5	Interim dividend and final dividend paid				
	Key Managerial Personnel	3.74		3.45	
	Gauri Kirloskar		3.74		3.45
	Close member of Key Managerial Personnel	11.64		10.74	
	Atul Kirloskar		9.54		8.80
	Arti Kirloskar		2.10		1.94
	Entity controlled by Key Managerial Personnel	0.06		0.06	
	Navsai Opportunities Private Limited		0.06		0.06
	Promoter & Promoter group holding 10% or more shares	11.56		10.67	
	Rahul Kirloskar		11.56		10.67
	Total	27.00	27.00	24.92	24.92
6	Contributions Paid				
	Post-employment benefit plan of the Company	1.57		8.28	
	Kirloskar Oil Engines Limited Officers' Superannuation Scheme		1.53		2.27
	Kirloskar Oil Engines Limited Officers' Superannuation Trust		0.04		0.01
	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund		-		6.00
	Post-employment benefit plan of Subsidiary Company	2.20		0.56	
	La-Gajjar Machineries Private Limited Employees Group Gratuity Trust		2.20		0.56
	Total	3.77	3.77	8.84	8.84
7	Divestment in Equity shares				
	Associate or joint venture of a member of the Group	-		2.91	
	ESVA Pumps India Private Limited		-		2.91
	Total	-	-	2.91	2.91

Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

₹ in Crores

Sr. No.	Nature of the transaction / relationship / name of parties	2025-26		2024-25	
		Amount	Amount	Amount	Amount
Outstanding balances					
Accounts payable (including financial and other liabilities)					
Associate or joint venture of a member of the Group		-		-	
ESVA Pumps India Private Limited			-		-
Key Management Personnel		-	-	-	-
Commission		6.73		4.09	
Gauri Kirloskar			6.73		4.09
Close member of Key Managerial Personnel		1.82		1.82	-
Atul Kirloskar		-	1.82	-	1.82
Promoter & Promoter group holding 10% or more shares		0.30		0.30	
Rahul Kirloskar			0.30		0.30
Entity controlled by Close Member of Key Managerial Personnel		0.11		0.29	
Indifour Consult Private Limited			0.11		0.29
Post-employment benefit plan of the Company		24.72		15.75	
Kirloskar Oil Engines Limited Officers' Superannuation Scheme			0.12		0.18
Kirloskar Oil Engines Limited Officers' Superannuation Trust			0.00		0.03
Kirloskar Oil Engines Limited Employees' Group Gratuity Fund			24.60		15.54
Post-employment benefit plan of Subsidiary Company		2.76		1.45	
La-Gajjar Machinerries Private Limited Employees Group Gratuity Trust			2.76		1.45
Total		36.45	36.45	23.71	23.71

Transactions with related parties are inclusive of indirect taxes, wherever applicable.

The above figures do not include provision for gratuity and leave encashment, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for gratuity and leave encashment.

Terms and conditions of transactions with related parties

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and the settlement occurs in cash and cash equivalents. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2026, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (**31 March 2025: ₹ Nil**). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

Commitments with related parties

The Group has provided capital commitment of **₹ Nil** to the related parties as at 31 March 2026 (**31 March 2025: ₹ 0.45 Crores**)

Transactions with Key Managerial Personnel

Compensation of Key Managerial Personnel of the Group

₹ in Crores

Particulars	2025-26	2024-25
Short-term employee benefits	8.24	5.35
Post employment benefits	-	-
Total compensation to Key Managerial Personnel	8.24	5.35

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Managerial Personnel is included in the total provision for gratuity and leave encashment.

6.10 Earnings Per Share (Basic and Diluted)

Particulars	2025-26	2024-25
Continuing operations:		
Profit for the year attributable to owners of the Company (₹ in Crores)	569.57	486.88
Total number of equity shares at the end of the year (One equity share of face value of ₹ 2 each fully paid up)	14,53,59,674	14,51,79,689
Weighted average number of equity shares for the purpose of computing Basic earnings per share (number of shares)	14,52,87,359	14,50,88,686
Basic earnings per share (in ₹)	39.20	33.55
Effect of dilution		
Stock option granted under ESOP (number of shares)	1,68,159	3,10,964
Adjustment to numerator on account of ESOP issued by subsidiary (₹ in Crores)	(1.50)	(0.67)
Weighted average number of equity shares for the purpose of computing Diluted earnings per share (number of shares)	14,54,55,518	14,53,99,650
Net profit after tax and non-controlling interest for computing diluted EPS (₹ in Crores)	568.08	486.21
Diluted earnings per share (in ₹)	39.05	33.44
Discontinued operations :		
Profit for the year after taxation (₹ in Crores)	4.74	2.26
Basic earnings per share (in ₹)	0.33	0.16
Diluted earnings per share (in ₹)	0.33	0.16
Continuing and discontinued operations:		
Basic earnings per share (in ₹)	39.53	33.71
Diluted earnings per share (in ₹)	39.38	33.60

Earnings per share are calculated in accordance with Indian Accounting Standard (Ind AS 33) “Earnings Per Share”.

Notes to the Consolidated Financial Statements

6.11 Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g. investments at FVTPL, loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities (e.g. trade payables and other payables and others) approximate their carrying amounts.

The Group has performed a fair valuation of its material investment in unquoted ordinary shares other than subsidiary, which are classified as FVOCI or FVTPL (refer Note 3). For non-material investments, the Company believes that impact of change, if any, on account of fair value is insignificant.

Fair value of unquoted investment in Mutual fund is determined by reference to Net Asset Value ('NAV') available from respective Assets Management Companies ('AMC').

6.12 Fair value Measurement hierarchy

a The following table provides the fair value measurement hierarchy of financial instruments

₹ in Crores

Particulars	Note	Carrying amount	Level of input used in		
			Level 1	Level 2	Level 3
As at 31 March 2026					
Financial Assets					
Investment at FVTPL					
Mutual funds	10 & 3	109.95	-	109.95	-
Alternative Investment fund	10 & 3	-	-	-	-
Unquoted preference shares	3	0.00	-	-	0.00
Investments at FVOCI					
Unquoted equity shares	3	0.94	-	-	0.94
Other Financial assets at FVTPL					
Derivative assets	15	-	-	-	-
Assets held for sale	16	-	-	-	-
Financial liabilities					
Other Financial liabilities at FVTPL					
Derivative liabilities	30	11.79	-	11.79	-
As at 31 March 2025					
Financial Assets					
Investment at FVTPL					
Mutual funds	10 & 3	508.53	-	508.53	-
Alternative Investment fund	10 & 3	39.90	-	-	39.90
Unquoted preference shares	3	0.00	-	-	0.00
Investments at FVOCI					
Unquoted equity shares	3	0.94	-	-	0.94
Other Financial assets at FVTPL					
Derivative assets	15	1.76	-	1.76	-
Assets held for sale	16	-	-	-	-
Financial liabilities					
Other Financial liabilities at FVTPL					
Derivative liabilities	30	0.02	-	0.02	-

Notes to the Consolidated Financial Statements

6.12 Fair value Measurement hierarchy (Contd..)

b Significant unobservable inputs used in level 3 fair value measurements and sensitivity of the fair value measurement to changes in unobservable inputs:

i Description of significant unobservable inputs used for financial instruments (level 3) :

Investment in equity shares of Kirloskar Management Sevices Private Limited (KMSPL) was valued using the Discounted Cash flow (Risk adjusted discount rate) valuation method.

ii Relationship of unobservable inputs to level 3 fair values :

Equity investments - Unquoted

A 50 bps increase/decrease in the Perpetuity growth rate used while keeping all other variables constant, the carrying value of the shares would increase by ₹ 0.03 Crores (31 March 2025 : ₹ 0.02 Crores) or decrease by ₹ 0.03 Crores (31 March 2025 : ₹ 0.02 Crores) and a 50 bps increase/decrease in discounting factor used while keeping all other variables constant, the carrying value of the shares would decrease by ₹ 0.04 Crores (31 March 2025 : ₹ 0.04 Crores) or increase by ₹ 0.04 Crores (31 March 2025 : ₹ 0.04 Crores).

6.13 Financial instruments risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations and support its operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Group also enters into derivative transactions.

The Group's senior management oversee the management of the risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the Group's financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree policies for managing each of the risks, which are summarised below :

a 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, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2026 and 31 March 2025.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2026 and 31 March 2025 including the effect of hedge accounting.

Interest rate risk

a. Exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates, excluding financial services business, relates primarily to the Group's outstanding floating rate debt.

Notes to the Consolidated Financial Statements

6.13 Financial instruments risk management objectives and policies (Contd..)

In respect of financial services business, for the debt on floating rate basis, there is a natural hedge with receivables.

The interest rate sensitivity statement is prepared and reviewed by the management of the susidiary company every month. The statement captures the duration of rate sensitive assets and liabilities of the susidiary company. Any major gap between interest sensitive assets and liabilities is presented to the Asset Liability Committee (ALCO).

₹ in Crores

Particulars	31 March 2026	31 March 2025
Variable interest loans	3,695.91	4,123.97

b. Interest rate sensitivity

₹ in Crores

Financial Year	Change in Interest Rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2026	Increase 50 bps	(18.31)	(18.31)
	Decrease 50 bps	18.31	18.31
31 March 2025	Increase 50 bps	(20.34)	(20.34)
	Decrease 50 bps	20.34	20.34

The sensitivity is calculated only in respect of floating interest rate loan. It is calculated by changing the interest rates by 50 bps keeping all other factors constant.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Amounts in Foreign currencies in 000's

Nature of exposure	Currency	31 March 2026	31 March 2025
Receivables	USD	25,163.23	26,229.86
	EUR	13.68	9.45
Payables	USD	1,947.68	719.26
	EUR	1,262.39	136.14
	GBP	225.08	10.73
	NPR	856.87	1,207.29
	CHF	-	1.88
	BDT	244.84	1,016.94

The Group manages its foreign currency risk by hedging transactions related to sales and purchases. This foreign currency risk is hedged by using foreign currency forward contracts. As on 31 March 2026 and 31 March 2025, the Group has hedged the following of its total foreign currency exposure.

Amounts in Foreign currencies

Nature of exposure	Currency	31 March 2026	31 March 2025
Foreign Currency - Forward Contracts	USD	2,65,00,000	2,24,40,000

The Group has mark to market gain/(loss) on foreign currency forward contract of ₹ 11.41 Crores (31 March 2025: ₹ 1.76 Crores).

Notes to the Consolidated Financial Statements

6.13 Financial instruments risk management objectives and policies (Contd..)

Foreign currency sensitivity on unhedged exposure

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in the Group's profit before tax. The Group's exposure to foreign currency changes for all other currencies is not material.

₹ in Crores

As at	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2026	+5%	9.76	9.76
	-5%	(9.76)	(9.76)
31 March 2025	+5%	10.90	10.90
	-5%	(10.90)	(10.90)

₹ in Crores

As at	Change in EUR rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2026	+5%	(0.68)	(0.68)
	-5%	0.68	0.68
31 March 2025	+5%	(0.06)	(0.06)
	-5%	0.06	0.06

Commodity price risk

The Company and one of its subsidiary is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of engines, pumps & motors and therefore require a continuous supply of iron, copper and steel. However, the Parent and one of its subsidiary being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the Group. Hence, the Group does not foresee any direct or immediate risk with respect to such commodity price fluctuation.

Other price risk

The Group's portfolio of investments mainly consists of debt mutual fund with short term maturity. Hence management believes that this portfolio is not significantly susceptible to market risk.

b Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

One of the Subsidiary Company of Arka Financial Holding Private Limited being a NBFC is subject to credit risk in terms of non-recovery of interest as well as principal amount of the money lent by the company to its customers. Such risk can arise due to inadequate documentation or evaluation of the borrower, default by the existing borrowers, external factors such as political volatility in the region of exposure concentration, amongst many other factors leading to loss of revenue. The NBFC has set up a Credit Committee for approval of the lending in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the NBFC in terms of its charter as approved by the Board of NBFC.

Notes to the Consolidated Financial Statements

6.13 Financial instruments risk management objectives and policies (Contd..)

Mitigation:

- The Board and Risk Committee of NBFC are made ultimate responsible authorities in order to ensure that the risk in the organization are mitigated as well as monitored.
- The Risk/ALCO committee of NBFC are given responsibility of recommending the changes in the risk appetite of the NBFC.

6.14 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 31 March 2025.

6.15 Leases

a. Lessee accounting

Lease liabilities movement

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Lease liability at beginning of the year	57.69	17.16
Add : Lease liability recognised during the year	37.52	61.35
Add: Interest on lease liability	5.11	3.64
Less: Lease rental payments	(32.79)	(22.70)
Less : Lease derecognised during the year	(7.59)	(1.76)
Add: Currency translation differences	0.61	-
Lease liability at the end of the year	60.55	57.69

Total cash outflow for leases

₹ in Crores		
Particulars	As at 31 March 2026	As at 31 March 2025
Short term leases and low-value asset leases not included in the measurement of the liabilities	3.87	16.13
Total	3.87	16.13

Notes to the Consolidated Financial Statements

6.15 Leases (Contd..)

b. Lessor accounting

The Company is a lessor in the operating lease . The subject of these transactions is primarily aircraft leasing. There is definitive binding agreement between lessor and lessee defining rights and obligation with respect to underlying assets which in substance mitigates the Parent Company's risk.

Property, plant and equipment provided on operating lease as at 31 March 2026 and 31 March 2025 are as follows:

₹ in Crores		
Particulars	31 March 2026	31 March 2025
Opening gross block	-	27.45
Addition	-	-
Deduction*	-	(27.45)
Closing gross block	-	-
Opening accumulated depreciation	-	25.44
Depreciation for the year	-	0.93
Deduction	-	(26.37)
Closing accumulated depreciation	-	-
Net block	-	-

Lease income generated during the year is ₹ Nil (31 March 2025 : ₹ 0.92 Crores).

*During the previous year ended 31 March 2025, the Company sold an aircraft that was previously subject to an operating lease agreement. The asset was disposed off for a total consideration of ₹ 21.98 Crores, the net profit arising on sale of this aircraft is ₹ 20.90 Crores.

6.16 Employee stock option plans (ESOP)

6.16.1 ESOP issued by Parent Company

The Company provides share-based employee benefits to its employees and its subsidiaries. The relevant details of the schemes and the grant are as below.

Description of share-based payment arrangements

As at 31 March 2026, the Company has the following share-based payment arrangements

KOEL ESOP 2019 - Share option plans (equity settled)

According to the Scheme, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The option may be exercised within a specified period.

The Employees Stock Option Plan 2019 – (KOEL ESOP 2019) was approved by the shareholders of the Company in AGM conducted on 9 August 2019 for issue of maximum 14,00,000 options representing 14,00,000 equity shares of ₹ 2 each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the Company, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 5 March 2021 had approved the grant of 9,40,000 employee stock options ("Options") to eligible employees of the Company. Each option shall carry the right to be issued one fully paid up equity share of ₹ 2/- each.

The Members of the Company at the Annual General Meeting of Kirloskar Oil Engines Limited held on 12 August 2021, passed a resolution amending the Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary company, in or out of India except such subsidiary company(ies) which are formed and engaged in financial service business.

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

Grant dated 27 October 2021 (KFD Employees)

Particulars	31 March 2026			31 March 2025		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	7,700	128.88	2.39	21,875	128.88	2.66
Pending allotment as at the beginning of the year	50		NA	-		NA
Granted during the year	-		NA	-		NA
Forfeited/Lapsed during the year	2,950		NA	4,975		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	3,325		NA	9,150		NA
Exercised and pending allotment at the end of the year	300		NA	50		NA
Outstanding at the end of the year	1,175		1.19	7,700		2.39
Exercisable at the end of the year	1,175		1.19	1,125		1.35

Grant dated 18 May 2022 (KOEL Employees)

Particulars	31 March 2026			31 March 2025		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	76,107	87.93	2.41	1,54,471	87.93	2.80
Pending allotment as at the beginning of the year	799		NA	1,070		NA
Granted during the year	-		NA	-		NA
Forfeited/Lapsed during the year	9,525		NA	17,500		NA
Exercised during the year	-		NA	-		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	21,534		NA	61,135		NA
Exercised and pending allotment at the end of the year	1,680		NA	799		NA
Outstanding at the end of the year	44,167		1.69	76,107		2.41
Exercisable at the end of the year	16,667		0.95	9,440		0.94

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

Grant dated 10 August 2023 (KOEL Employees)

Particulars	31 March 2026			31 March 2025		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	1,02,125	267.36	3.35	1,35,000	267.36	3.86
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	-		NA	-		NA
Forfeited/Lapsed during the year	45,000		NA	-		NA
Exercised during the year	-		NA	-		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	17,125		NA	32,875		NA
Exercised and pending allotment at the end of the year	-		NA	-		NA
Outstanding at the end of the year	40,000		2.77	1,02,125		3.35
Exercisable at the end of the year	2,500		1.36	875		1.36

Grant dated 7 August 2024 (KOEL Employees)

Particulars	31 March 2026			31 March 2025		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	4,51,367	656.67	3.83	-	656.67	NA
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	-		NA	4,51,367		NA
Forfeited/Lapsed during the year	96,598		NA	-		NA
Exercised during the year	-		NA	-		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	45,253		NA	-		NA
Exercised and pending allotment at the end of the year	4,150		NA	-		NA
Outstanding at the end of the year	3,05,366		3.01	4,51,367		3.83
Exercisable at the end of the year	52,788		1.35	-		-

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

Grant dated 7 August 2024 (KFD Employees)

Particulars	31 March 2026			31 March 2025		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	12,000	656.67	3.86	-		NA
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	-		NA	12,000		NA
Forfeited/Lapsed during the year	12,000		NA	-		NA
Exercised during the year	-		NA	-		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	-		NA	-	656.67	NA
Exercised and pending allotment at the end of the year	-		NA	-		NA
Outstanding at the end of the year	-		-	12,000		3.86
Exercisable at the end of the year	-		-	-		-

Grant dated 6 August 2025 (KOEL Employees)

Particulars	31 March 2026			31 March 2025		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-	519.06	NA	-		NA
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	21,129		NA	-		NA
Forfeited/Lapsed during the year	-		NA	-		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	-		NA	-	-	NA
Exercised and pending allotment at the end of the year	-		NA	-		NA
Outstanding at the end of the year	21,129		3.85	-		NA
Exercisable at the end of the year	-		-	-		NA

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

c. Significant assumptions used to estimate the fair value of options:

Variables	KOEL Employees (Tranche I)	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)	KOEL Employees (Tranche IV)	KOEL Employees (Tranche V)	KFD Employees (Tranche I)	KFD Employees (Tranche II)
1. Risk free interest rate	5.22%	6.66%	6.99%	6.71%	5.86%	5.16%	6.71%
2. Expected life (in years)	3.44	3.50	3.51	3.50	3.50	3.50	3.50
3. Expected volatility	37.85%	40.93%	44.42%	44.05%	43.32%	39.66%	44.05%
4. Dividend yield	1.88%	2.25%	2.40%	2.20%	1.83%	2.00%	2.20%
5. Price of the underlying share in market at the time of the option grant (₹)	171.90	146.55	445.60	1,094.45	865.10	214.80	1,094.45
6. Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes

d. Options vested but not exercised

Grant Date	(Number of Options)	
	31 March 2026	31 March 2025
5 March 2021	32,064	1,08,504
27 October 2021	1,175	1,125
18 May 2022	16,667	9,440
10 August 2023	2,500	875
7 August 2024	52,788	-
6 August 2025	-	-

e. Weighted average remaining contractual life of outstanding options (in years)

Particulars	KOEL Employees (Tranche I)	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)	KOEL Employees (Tranche IV)	KOEL Employees (Tranche V)	KFD Employees (Tranche I)	KFD Employees (Tranche II)
The weighted average contractual life of options outstanding as on 31 March 2026	0.93	1.69	2.77	3.01	3.85	1.19	-
The weighted average contractual life of options exercisable as on 31 March 2026	0.93	0.95	1.36	1.35	-	1.19	-

f. Effect of share based payment transactions on the Company's financial statements :

Particulars	₹ in Crores	
	31 March 2026	31 March 2025
Share based payment to employees	6.60	8.22
Total ESOP reserve outstanding at the end of the year	12.43	10.28

For the options granted to employees of subsidiary company, the Company has recovered the cost from the subsidiary company. During the year, the Company received ₹ 0.04 Crores (31 March 2025 : ₹ 0.10 Crores) against the receivable accrued for cost recovery.

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
Date of Grants	30 December 2025	30 January 2026	28 February 2026	30 March 2026	30 March 2026
No. of Options outstanding at the beginning of the year	-	-	-	-	-
Options granted during the year	7,00,000	10,00,000	9,00,000	34,00,000	1,06,75,000
Options forfeited/lapsed during the year	-	-	-	-	-
Options exercised during the year	-	-	-	-	-
No. of Options outstanding at the end of the year	7,00,000	10,00,000	9,00,000	34,00,000	1,06,75,000
No. of Options exercisable at the end of the year	-	-	-	-	-
The weighted average share price of shares exercised during the year ended 31 March 2026	NA	NA	NA	NA	NA

Option movement during the year ended 31 March 2025

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
No. of Options outstanding at the beginning of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	45,20,000	2,00,000
Options granted during the year	-	-	-	-	-	-
Options forfeited/lapsed during the year	5,00,000	-	-	36,90,000	19,00,000	2,00,000
Options exercised during the year	-	-	-	-	-	-
No. of Options outstanding at the end of the year	2,01,50,000	12,50,000	3,25,000	62,60,000	26,20,000	-
No. of Options exercisable at the end of the year	2,01,50,000	12,50,000	3,25,000	53,30,000	11,08,000	-
The weighted average share price of shares exercised during the year ended 31 March 2025	NA	NA	NA	NA	NA	NA

c. Weighted average remaining contractual life of outstanding options (in years)

As at 31 March 2026

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Range of Exercise Price (₹ per share)	10.00	10.00	11.00	12.00	12.75	12.75
No. of Options outstanding at the end of the year	1,50,00,000	-	75,000	28,00,000	12,90,000	-
Contractual Life: Granted but not vested (in years)	-	-	-	-	1.00	-

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
Date of Grants	04 June 2025	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
Range of Exercise Price (₹ per share)	13.50	13.50	13.50	13.50	13.50	13.50
No. of Options outstanding at the end of the year	3,93,10,000	30,50,000	1,00,000	5,00,000	2,50,000	16,25,000
Contractual Life: Granted but not vested (in years)	1.75	1.75	1.91	2.00	2.08	2.17

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
Date of Grants	30 December 2025	30 January 2026	28 February 2026	30 March 2026	30 March 2026
Range of Exercise Price (₹ per share)	13.50	13.50	13.50	13.50	13.50
No. of Options outstanding at the end of the year	7,00,000	10,00,000	9,00,000	34,00,000	1,06,75,000
Contractual Life: Granted but not vested (in years)	2.25	2.34	2.42	2.50	2.75

d. Method and assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model. The assumptions used in the model are as follows:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Risk free interest rate	7.40%	6.60%	5.80%	7.17%	6.84%	6.95%
Weighted average expected life (in years)	6	7	7	5	5	5
Expected volatility	1.00%	1.00%	1.00%	19.45%	19.67%	19.45%
Weighted average exercise price (₹ per share)	10.00	10.00	11.00	12.00	12.75	12.75

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
Date of Grants	04 June 2025	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
Risk free interest rate	5.94%	6.04%	6.31%	6.27%	6.26%	6.23%
Weighted average expected life (in years)	6	6	6	6	6	6
Expected volatility	20.64%	20.57%	20.42%	20.21%	20.07%	19.92%
Weighted average exercise price (₹ per share)	13.50	13.50	13.50	13.50	13.50	13.50

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
Date of Grants	30 December 2025	30 January 2026	28 February 2026	30 March 2026	30 March 2026
Risk free interest rate	6.30%	6.42%	6.26%	6.65%	6.69%
Weighted average expected life (in years)	6	6	6	6	6
Expected volatility	19.82%	19.76%	19.47%	19.05%	20.00%
Weighted average exercise price (₹ per share)	13.50	13.50	13.50	13.50	13.50

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

e. Effect of share based payment transactions on the Company's Statement of Profit and Loss for the years:

₹ in Crores		
Particulars	31 March 2026	31 March 2025
Employee share based expenses	7.14	0.73
Total ESOP reserve outstanding at the end of the period	15.06	10.63

6.17 Disclosure in terms of Schedule III of the Companies Act, 2013

₹ in Crores								
Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss amount	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
F.Y. 2025-26								
1. Parent:								
Kirloskar Oil Engines Limited	93.83%	3,354.48	81.96%	461.02	3.67%	1.18	77.74%	462.20
2. Subsidiary (Foreign):								
Kirloskar Americas Corporation***	(0.16%)	(5.64)	(1.44%)	(8.07)	9.01%	2.89	(0.87%)	(5.18)
Kirloskar International ME FZE****	0.17%	5.84	1.05%	5.90	(3.54%)	(1.14)	0.80%	4.76
3. Subsidiary (Indian):								
Arka Financial Holdings Private Limited*	38.13%	1,363.14	12.04%	67.70	100.61%	32.32	16.82%	100.02
KOEL Fluid Dynamics Private Limited (Formerly known as La-Gajjar Machineries Private Limited)	4.96%	177.36	9.26%	52.10	0.90%	0.29	8.81%	52.39
Kirloskar Advanced Systems Private Limited	(0.01%)	(0.23)	(0.04%)	(0.23)	0.00%	-	(0.04%)	(0.23)
Minority interests in all subsidiaries								
Kirloskar Americas Corporation***	(1.26%)	(45.09)	(2.11%)	(11.86)	(10.66%)	(3.42)	(2.57%)	(15.28)
Arka Financial Holdings Private Limited*	0.00%	0.03	0.00%	(0.00)	0.00%	0.00	0.00%	(0.00)
Add/(Less): Inter-company eliminations	(35.66%)	(1,274.77)	(0.73%)	(4.10)	0.00%	-	(0.69%)	(4.10)
Total	100.00%	3,575.12	100.00%	562.46	100.00%	32.12	100.00%	594.58

Notes to the Consolidated Financial Statements

6.17 Disclosure in terms of Schedule III of the Companies Act, 2013 (Contd..)

₹ in Crores								
Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss amount	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
F.Y. 2024-25								
1. Parent:								
Kirloskar Oil Engines Limited	97.35%	2,975.62	90.78%	431.93	74.97%	(3.07)	90.91%	428.86
2. Subsidiary (Foreign):								
Kirloskar Americas Corporation***	(0.02%)	(0.47)	(1.56%)	(7.41)	(13.08%)	0.54	(1.46%)	(6.87)
Kirloskar International ME FZE****	0.00%	(0.13)	(0.02%)	(0.10)	0.00%	0.00	(0.02%)	(0.10)
3. Subsidiary (Indian):								
Arka Financial Holdings Private Limited*	41.09%	1,256.01	15.09%	71.79	8.55%	(0.35)	15.14%	71.44
KOEL Fluid Dynamics Private Limited (Formerly known as La-Gajjar Machineries Private Limited)**	3.47%	106.09	0.78%	3.72	17.09%	(0.70)	0.64%	3.02
Minority interests in all subsidiaries								
Kirloskar Americas Corporation***	(0.98%)	(29.81)	(2.80%)	(13.33)	12.47%	(0.51)	(2.93%)	(13.84)
Arka Financial Holdings Private Limited*	0.00%	0.03	0.00%	(0.00)	0.00%	(0.00)	0.00%	(0.00)
Add/(Less): Inter-company eliminations	(40.91%)	(1,250.62)	(2.27%)	(10.78)	0.00%	-	(2.29%)	(10.78)
Total	100.00%	3,056.72	100.00%	475.82	100.00%	(4.09)	100.00%	471.73

* AFHPL includes "Arka Investment Advisory Services Private Limited" (AIASPL) (wholly owned subsidiary of the AFHPL) and "Arka Fincap Limited"(subsidiary of AFHPL) i.e. on a consolidated basis. AFHPL has 99.998% shareholding in AFL.

** ESVA was the joint venture of KOEL Fluid Dynamics Private Limited (KFD) with effect from 26 March 2024. KFD includes share of profit of ESVA upto 28 September 2024 as the joint venture arrangement between ESVA and KFD was terminated with effect from 28 September 2024 and ESVA ceased to be a Joint venture of KFD.

*** KAC includes Engines LPG, LLC dba Wildcat Power Gen (Subsidiary of KAC) w.e.f. 29 November 2023 i.e. on a consolidated basis. KAC has 51% shareholding in Engines LPG LLC .

**** The Company has incorporated 'Kirloskar International ME FZE' Jebel Ali Free Zone, United Arab Emirates (UAE) as a wholly owned subsidiary company was incorporated on 7 January 2025, and the Company has invested ₹ 1.17 Crores in the share capital on 30 June 2025. KIME commenced its business operations in financial year 2025-26.

***** The Company has incorporated 'Kirloskar Advanced Systems Private Limited (KASPL) as a wholly owned subsidiary company was incorporated on 30 March 2026, and the Company will be investing ₹ 9 Crores in the initial share capital of KASPL. KASPL is yet to commence business operations.

Notes to the Consolidated Financial Statements

6.18 Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 as applicable to the Company are disclosed under standalone financial statements. (Refer Note No. 43 of Standalone Financial Statement).

6.19 Disclosure of interest in Subsidiaries and interest of Non-controlling interest:

a. Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of Subsidiary	Place of Incorporation and Place of Operation	Proportion of ownership interest and voting power	
		2025-26	2024-25
Kirloskar Americas Corporation (KAC) ^^	United States of America	100%	100%
KOEL Fluid Dynamics Private Limited (Formerly known as La-Gajjar Machineries Private Limited) ^^	India	100%	100%
Arka Financial Holdings Private Limited ^^	India	100%	100%
Kirloskar International ME FZE	United Arab Emirates	100%	NA
Kirloskar Advanced Systems Private Limited	India	NA	NA

^^ For details of entities included within the subsidiary companies, refer foot notes to Note 44.6.17

b. Details of non-wholly owned subsidiaries (including stepdown subsidiary) that have material Non-controlling interest:

Name of Subsidiary (including stepdown subsidiary)	Place of incorporation and Place of operation	Proportion of ownership interest and voting rights held by Non-controlling interests		Profit / (Loss) allocated to Non-controlling interest*		Accumulated Non-controlling interest	
		2025-26	2024-25	2025-26	2024-2025	2025-26	2024-25
Engines LPG, LLC dba Wildcat Power Gen ("Engines LPG LLC") (subsidiary of KAC w.e.f 29 November 2023)	United States of America	49%	49%	(11.86)	(2.75)	(41.02)	(29.17)

* Excluding effects of consolidation adjustment

Kirloskar Americas Corporation focuses on the sales of diesel engines, diesel pump sets and generators in North and Latin American regions through a distributor network.

Engines LPG LLC specializes in the design, manufacturing, sales, and service of generator powered by gas, diesel and other environmentally friendly fuel/power solutions under the brand name Wildcat Power Gen, catering to various applications.

Notes to the Consolidated Financial Statements

c. Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and are based on their standalone financial statements:

Engines LPG, LLC dba Wildcat Power Gen (subsidiary of KAC and step-down subsidiary of the Company w.e.f 29 November 2023)

₹ in Crores		
Particulars	2025-26	2024-25
Current assets	33.67	44.99
Non-current assets	6.26	3.37
Current liabilities	118.09	96.18
Non-current liabilities	1.93	1.09
Equity interest attributable to the owners	(24.95)	(24.95)
Non-controlling interest	(41.02)	(29.17)
Total income	41.87	22.36
Expenses	66.07	48.13
Profit / (loss) for the year	(24.20)	(25.77)
Profit / (loss) attributable to the owners of the Company	(12.34)	(13.14)
Profit / (loss) attributable to the non-controlling interest	(11.86)	(12.63)
Dividends paid to non-controlling interest	-	-
Opening cash & cash equivalents	0.25	0.35
Closing cash & cash equivalents	2.84	0.25
Net Cash inflow/(outflow)	2.59	(0.10)

6.20 Research and development ('R&D') expenditure eligible for deduction under section 35(2AB) of Income Tax Act, 1961:

The Company had adopted the new tax ordinance under section 115BAA during financial year 2019-20. Since provisions of section 115BAA of the Income Tax Act, 1961 are applicable , the Company is not entitled to avail weighted deduction u/s 35(2AB) of the Income Tax Act, 1961. Thus the Company has not availed weighted deduction benefit on in-house R&D expenditure for financial year 2025-26 as well. However, the Company will continue to maintain a separate set of books for in-house R & D activities.

6.21 Goodwill

Following is the summary of changes in carrying amount of goodwill:

₹ in Crores		
Particulars	31 March 2026	31 March 2025
Balance at the beginning of the year	191.43	191.43
Add : Additions during the year	-	-
Less : Derecognised during the year	(1.26)	-
Balance at the end of the year	190.17	191.43

Allocation of goodwill by segments is as follows:

₹ in Crores		
Particulars	31 March 2026	31 March 2025
B2C	184.50	185.76
B2B	5.67	5.67

Notes to the Consolidated Financial Statements

6.21 Goodwill (Contd..)

Goodwill has been allocated for impairment testing purposes to the underlying cash generating units ('CGU') identified based on business segments. The goodwill impairment test is performed at the level of the CGU which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Value-in-use is the present value of future cash flow projections based on financial budgets approved by management covering a five year period.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates and weighted average cost of capital. The long term growth rates is determined considering the average growth rate of the industry and that of the country in which the CGU generates its revenue from. The weighted average cost of capital has been determined considering a long term target debt equity ratio of the CGU.

Cash flow projections take into account past experience and represent management's best estimate about future developments. The key assumptions used for the calculations are as follows:

Particulars	31 March 2026	31 March 2025
Terminal growth rate	2% - 3.50%**	3.50%**
Pre-tax discount rate	9.04% - 16.72%	16.25%

** growth rate does not exceed long term average growth rate for the market in which CGU operates

The management believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the respective cash generating unit.

45 (Net Debt)/Surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2026 and 31 March 2025

₹ in Crores

Particulars	31 March 2026	31 March 2025
Cash and cash equivalents including other bank balances	1239.95	985.58
Investment in mutual funds	325.36	508.53
Current borrowings	(2,190.00)	(1,999.84)
Non-current borrowings	(3,123.78)	(3,760.98)
(Net debt)/surplus	(3,748.47)	(4,266.71)

Particulars	Other Assets			Liabilities from financing activities		Total
	Cash and Cash Equivalents	Other bank balances*	Investment in Mutual funds	Non-current borrowings	Current borrowings	
(Net Debt)/Surplus as on 31 March 2025	741.06	244.52	508.53	(3,760.98)	(1,999.85)	(4,266.72)
Cash inflow/outflow during the year	23.14	231.23	(183.17)	(637.20)	190.15	(375.85)
(Net Debt)/Surplus as on 31 March 2026	764.20	475.75	325.36	(3,123.78)	(2,190.00)	(3,748.47)

Notes to the Consolidated Financial Statements

46 Relationship with struck off companies

The Company did not enter into any transaction with companies struck off from Registrar of Companies (ROC) records for the year ended 31 March 2026 and 31 March 2025 except as reported below :

Amount in ₹

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding* as at 31 March 2026 (Amount in ₹)	Balance outstanding* as at 31 March 2025 (Amount in ₹)	Relationship with struck off company
Alike Trading Private Limited	Shares held	60	60	Shareholder
	Others - Dividend paid/unpaid	752	577	Shareholder
Dreams Broking Private Limited	Shares held	600	600	Shareholder
	Others - Dividend paid/unpaid	-	-	Shareholder
Gunti & Company Private Limited	Shares held	90	90	Shareholder
	Others - Dividend paid/unpaid	1,400	1,400	Shareholder
Highlands Garments Private Limited	Shares held	30	30	Shareholder
	Others - Dividend paid/unpaid	-	-	Shareholder
Kothari Intergroup Limited	Shares held	2	2	Shareholder
	Others - Dividend paid/unpaid	24	24	Shareholder
Mahila Credit and Investment Company Private Limited	Shares held	30	30	Shareholder
	Others - Dividend paid/unpaid	181	181	Shareholder
R. Sanghi Stock Brokers and Finance (P) Limited	Shares held	8	8	Shareholder
	Others - Dividend paid/unpaid	-	-	Shareholder
Wilway Engineering and Construction Private Limited	Payment / Invoice raised	1,47,645	1,47,645	Vendor
Knorr Bremse Systems For Commercial Vehicles India Pvt. Ltd.	Payment / Invoice raised	2,61,169	-	Vendor
Star Wire India Ltd.	Advance to Vendor	7,29,000	7,29,000	Vendor
Kans Builders Private Limited	Sales & Receipt	-	-	Customer
Shahapur Shopee Private Limited	Sales & Receipt	-	-	Customer
M/s Ravi Sons Pvt. Ltd	Sales & Receipt	-	-	Customer

* In case of shareholder, balance outstanding represents face value of the shares held and unpaid dividend thereupon. The amount outstanding excludes dividend transferred to Investor Education and Protection Fund (IEPF).

-Movement in shareholders' balances as at 31 March 2025 vis-à-vis 31 March 2026 is on account of transfer to IEPF during the year.

Notes to the Consolidated Financial Statements

Details of transaction and outstanding balances of one of the subsidiaries with struck off companies:

Amount in ₹				
Name of the struck off company	Nature of transactions with struck off company	Balance outstanding* as at 31 March 2026 (Amount in ₹)	Balance outstanding* as at 31 March 2025 (Amount in ₹)	Relationship with struck off company
Excelserv India Private Limited	Accounts Receivable	-	-	Customer
Fedrol Electric Private Limited	Accounts Receivable	-	-	Customer
R.M.H. Diesels Private Limited	Accounts Receivable	-	73,704	Customer
Gatrad Knowledge Centre Pvt Ltd	Accounts Payable	-	-	Vendor
Nagpal Cargo Movers	Accounts Payable	-	-	Vendor
Aim Security Solution Pvt Ltd	Accounts Payable	-	-	Vendor
Fortune Hotel Landmark	Accounts Payable	-	-	Vendor
Om Sai Cars India (P) Ltd	Accounts Payable	-	-	Vendor
Bengal City Nirman Private Limited	Accounts Payable	-	-	Vendor
Usha Netcopvt Ltd	Accounts Payable	-	-	Vendor

47 Disclosures for investments and transactions through/as an intermediary:

- (a) 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 Group 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, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (“Ultimate Beneficiaries”) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b) No funds have been received by the Group from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

48 Previous year’s figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

Signatures to Note 1 to 48, forming part of the Consolidated Financial Statements.

As per our attached report of even date	For and on behalf of the Board of Directors		
For G. D. APTE & CO.	RAHUL KIRLOSKAR	GAURI KIRLOSKAR	
Chartered Accountants	Chairman (Non-Executive Director)	Vice Chairperson and Managing Director	
Firm Registration Number : 100515W	DIN: 00007319	DIN:03366274	
ANAGHA M. NANIVADEKAR	RAHUL SAHAI	SACHIN KEJRIWAL	FARAH IRANI
Partner	Chief Executive Officer	Chief Financial Officer	Company Secretary
Membership Number : 121007		ACA :66309	ACS: 21182
Pune: 14 May 2026			Pune: 14 May 2026

Notes

Notes

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CIN: L29100PN2009PLC133351

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