KIRLOSKAR

ELECTRIC

79th Annual Report 2025-26

KIRLOSKAR ELECTRIC COMPANY LTD.,

Converting energy to serve the billions

Regd. Office: No. 19, 2nd Main Road, Peenya 1st stage, Phase – I, Peenya, Bangalore – 560058
CIN: L31100KA1946PLC000415

15kW, 460V, 275 RPM, Mill duty, high torque application motor

3200kW, 1500 RPM, 6600V, MPA 560, Water cooled, IP55/IC81W, Application – Thermal power plant

Short circuit testing transformer - 207.84 MVA for 3 seconds short time rating.

BOARD OF DIRECTORS	Mr. Vijay Ravindra Kirloskar	- Executive Chairman
	Mrs. Meena Kirloskar	- Vice Chairperson & Non Executive Director
	Mr. Anand Balaramacharya Hunnur	- Managing Director
	Mr. Ravi Ghai	- Independent Director
	Mr. Suresh Kumar	- Independent Director
	Mr. K N Shanth Kumar	- Independent Director
	Ms. Rukmini Kirloskar	- Non Executive Non Independent Director
	Mr. Mohammed Saad Bin Jung	- Independent Director
	Dr. Pangal Ranganath Nayak	- Independent Director
	Dr. Ashok Misra	- Independent Director *(upto Nov 04, 2025);*
	Mr. Sanjeev Kumar Shivappa	- Director (Finance) & Chief Financial Officer *(Upto Feb 13, 2026 as Whole-time Director);*
	Ms. Janaki Kirloskar	- Additional Director & Joint Managing Director (*w.e.f May 26, 2026);*

CHIEF EXECUTIVE OFFICER Ms. Janaki Kirloskar (*w.e.f Feb 12, 2026 & upto May 26, 2026);*

CHIEF FINANCIAL OFFICER Mr. Sanjeev Kumar Shivappa *(Upto March 06, 2026 as CFO);*
Mr. Dillip Kumar Pani (*w.e.f May 26, 2026*);

COMPANY SECRETARY AND COMPLIANCE OFFICER Mr. Mahabaleshwar Bhat

AUDITORS K N Prabhashankar & Co.,

BANKERS
Bank of India
State Bank of India
Dubai Islamic Bank, UAE

REGISTERED OFFICE & CONTACT DETAILS
No. 19, 2nd Main Road, Peenya 1st Stage,
Phase - I, Peenya, Bangalore – 560 058
CIN: L31100KA1946PLC000415
Ph no. 080-28397256; Fax no. 080-28396727;
Email: investors@kirloskarelectric.com
Website: www.kirloskarelectric.com

FACTORIES LOCATION
Govenahalli, Nelamangala - Bengaluru;
Gokul Road, Hubballi;
Belwadi industrial area, Mysore;
Hirehalli village, Tumkur;
Kondhapuri, Pune.

Information for Members:
79th Annual General Meeting (AGM)

Date	:	August 13, 2026
Day	:	Thursday
Time	:	11.00 AM
Mode	**:**	**Video Conferencing**

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CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the 79th Annual Report of Kirloskar Electric Company Limited (KECL) for the financial year ended March 31, 2026.

The past year has been one of meaningful progress and deliberate positioning for your Company. While we continue to operate in a challenging business environment, FY 2025-26 has demonstrated disciplined execution, operational focus, and strategic clarity, all of which are beginning to translate into measurable outcomes.

During the year, our revenue increased by 8.4% to ₹58,934 lakhs, while profit before tax grew by 18.1% to ₹876 lakhs. The fact that profitability has grown faster than revenue reflects the benefits of improved operational efficiencies, better execution, and a stronger focus on value creation. Although these results represent only one step in a longer journey, they provide encouraging evidence that our strategic initiatives are moving in the right direction.

The Indian electrical equipment industry continues to offer significant opportunities. Government initiatives such as 'Make in India' and 'Atmanirbhar Bharat' combined with sustained investments in manufacturing, infrastructure, power generation, transmission and distribution, renewable energy and industrial modernization continue to strengthen demand across our core businesses. India's accelerating industrialization coupled with long-term infrastructure development provides a favourable environment for companies with strong engineering capabilities and established manufacturing expertise. Within this evolving landscape, we remain focused on the segments where our technological strengths, manufacturing capabilities, and long-standing customer relationships enable us to compete effectively.

FY 2025-26 was marked by important developments across three key dimensions.

First, our revenue growth was driven by both higher business volumes and stronger market positioning. More importantly, Profit Before Tax increased by 18.1%, outpacing our revenue growth of 8.4%, reflecting the positive impact of our continued focus on operational efficiency and disciplined execution.

Second, we strengthened our leadership team to support the Company's long-term growth. As a significant leadership transition, my daughter Ms. Janaki Kirloskar was promoted as Joint Managing Director (Additional Director) effective from May 26, 2026, subject to the approval of our shareholders. Since assuming the role of Chief Executive Officer (CEO) in February 2026, Janaki has brought deep operational expertise and strategic perspective, drawing upon twenty years of experience across manufacturing, business transformation and entrepreneurial ventures. She will work closely with our Managing Director, Mr. Anand B. Hunnur, to further strengthen operational execution and accelerate market development across our businesses. We also appointed Mr. Dillip Kumar Pani as our Chief Financial Officer (CFO) and Key Managerial Personnel. With over nineteen years of experience in finance, statutory compliance, treasury management, and fundraising across multiple industries, Dillip adds significant financial leadership to our executive team as we continue to strengthen our financial position.

Third, our operating segments showed encouraging signs of improving business fundamentals. The Power Generation & Distribution business delivered a Profit before interest and tax (PBIT) of ₹4,839 lakhs, nearly doubling its performance over the previous year. Our Rotating Machines business, which has historically presented the greatest operational challenges, continued its recovery with a PBIT of ₹1,328 lakhs, reflecting improving stability. The other products segment contributed ₹1,615 lakhs, reinforcing the value of maintaining a diversified product portfolio.

While these achievements are encouraging, it is equally important to acknowledge the realities we continue to address. Our Company carries the accumulated impact of several difficult years. Our net worth remains under pressure, and we continue to operate with a high degree of financial discipline and operational focus. This is not a new challenge, nor do we view it as a crisis narrative. Rather, it represents the context within which we are executing a carefully considered recovery strategy. Our priorities remain clear: monetising non-core assets, improving operational efficiency, strengthening cash flows, and progressively rebuilding our capital base.

Our auditors have noted that the financial statements have been prepared on a going concern basis, contingent upon the successful implementation of our restructuring initiatives and the infusion of committed capital. We fully recognize this responsibility. The progress achieved during FY 2025-26 through improved profitability, better working capital management, and disciplined capital allocation demonstrates our commitment to executing this plan responsibly and consistently.

Looking ahead, we remain optimistic about the opportunities before us. India's energy transition, rapid infrastructure expansion, and increasing investments in renewable energy continue to create sustained demand for electrical equipment, transformers, motors, and power solutions. Government initiatives such as the National Infrastructure Pipeline, PM Gati Shakti, and the continued emphasis on domestic manufacturing provide a strong foundation for long-term industry growth. We believe your company, Kirloskar Electric, is well positioned to participate meaningfully in this evolving landscape.

At the same time, we recognize that sustainable recovery demands consistent execution. Across our five manufacturing plants, fourteen branch offices, and international operations, our dedicated professionals continue to demonstrate remarkable commitment, technical expertise, and resilience. Their dedication has been instrumental in the progress we have achieved, and I extend my sincere appreciation to every member of the Kirloskar Electric family. I also recognize that many have navigated an extended period of uncertainty with unwavering professionalism. Your perseverance has been fundamental to our continued progress.

During the year, we successfully supplied transformers and electrical equipment to several major infrastructure projects, strengthened long-standing relationships with customers in the power generation and distribution sectors, and continued to improve operational performance across our manufacturing facilities. These achievements reinforce our confidence in the strength of our products, our engineering capabilities, and our customer partnerships.

As we move forward, our priorities remain firmly anchored on sustainable value creation. We will continue to strengthen our leadership position in the Power Generation & Distribution business while further improving the profitability of our Rotating Machines segment. We remain committed to completing our capital reallocation initiatives to improve our financial strength, achieving sustainable profitability driven by operational excellence, and expanding our customer relationships and market presence both within India and internationally.

We fully recognize that our recovery is a multi-year endeavour. While some of our actions may address immediate challenges, they are each purposefully aligned with our long-term recovery goals, and we remain committed to delivering steady, measurable progress by strengthening the fundamentals that underpin a resilient and sustainable enterprise.

Over the past eight years, Kirloskar Electric has navigated one of the most challenging periods in its long and distinguished history. Those experiences have tested our resilience, sharpened our focus, and provided valuable lessons. Today, we move forward with greater clarity, stronger leadership, and renewed purpose. As we stand on the threshold of our 80th year of operations, we remain collectively committed to strengthening our financial foundation, advancing operational excellence, embracing technological innovation, and positioning ourselves strategically for sustained and profitable growth.

On behalf of the Board, I extend my sincere gratitude to my fellow Directors, our management team, employees, and workers, our bankers and financial partners, our customers, suppliers, business associates, and our shareholders for your continued trust, confidence, and support. Your partnership has been invaluable throughout this period of transformation, and we look forward to creating enduring value together in the years ahead.

Thank you for your continued trust and partnership.

Sd/-
Vijay R. Kirloskar
Executive Chairman

NOTICE OF 79th ANNUAL GENERAL MEETING

NOTICE is hereby given that **the SEVENTY NINTH ANNUAL GENERAL MEETING (AGM)** of the members of **KIRLOSKAR ELECTRIC COMPANY LIMITED** will be held on Thursday, the 13th day of August, 2026 at 11.00 A.M through Video Conferencing / Other Audio Visual Means to transact the following businesses:

ORDINARY BUSINESS:

1. **To receive, consider and adopt:**

   a) the audited standalone financial statement of the Company for the year ended March 31, 2026 together with the reports of the Board of Directors and Auditor's thereon; and

   b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2026 and the report of Auditors' thereon and in this regard, to consider and if thought fit, to pass the following resolutions as an **'Ordinary Resolutions':**

   *(a) **"RESOLVED THAT** the audited standalone financial statement of the Company for the financial year ended March 31, 2026 and the reports of the Board of Directors and Auditors' thereon, as circulated to the members be and are hereby considered and adopted."*

   *(b) **"RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2026 and the report of the Auditors' thereon, as circulated to the members, be and are hereby considered and adopted."*

2. **To appoint a director in place of Ms. Rukmini Kirloskar (DIN: 00309266), who retires by rotation and being eligible, offers herself for re-appointment** and in this regard to consider and if thought fit, to pass the following resolution as an **'Ordinary Resolution':**

   ***"RESOLVED THAT** in accordance with the provisions of section 152 and other applicable provisions of the Companies Act, 2013, Ms. Rukmini Kirloskar (DIN: 00309266), Non Executive Non Independent Director, who retires by rotation at this meeting and being eligible has offered herself for reappointment, be and is hereby appointed as Director of the Company."*

SPECIAL BUSINESS:

3. **To re-appoint Mr. Vijay R Kirloskar (DIN: 00031253) as Executive Chairman of the Company (Whole-time Director)** and to consider and, if thought fit, to pass the following resolution as a **'Special Resolution'.**

   ***"RESOLVED THAT** in terms of the provisions of Sections 196, 197, 200, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions, if any of the Companies Act, 2013, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association of the Company and based on the recommendations of Nomination and Remuneration Committee of the Board of Directors, the consent of the Company be and is hereby accorded to reappoint Mr. Vijay R Kirloskar (DIN: 00031253), as Whole-time Director of the Company for a period of three (3) years, whose term shall be liable to retire by rotation and shall be designated as 'Executive Chairman' of the Company with effect from August 12, 2026 with the remuneration structure of ₹ 7,50,00,000/- (Rupees Seven Crores Fifty Lakhs only) per annum with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement including the details of remuneration as set out hereunder:*

   (a) Salary:

   ₹ 3,16,56,000/- (Rupees Three Crore Sixteen Lakhs Fifty Six Thousand Only) per annum with such increments each year, as may be decided by the Nomination and Remuneration Committee ('Committee') and/or the Board of Directors, based on merit and taking into account the Company's performance for the year;

   (b) Perquisites and allowances:

   The Chairman shall be entitled to perquisites and allowances like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowances, car allowance,performance incentive, reimbursement of water expenses, gas and electricity bills at residence and medical expenses for self and his family and all other payments in the nature of perquisites and allowances subject to ceiling of ₹ 3,32,74,120/- (Rupees Three Crore Thirty Two Lakhs Seventy Four Thousand One Hundred & Twenty Only) per annum which shall also include premium payable towards medi-claim and personal accident insurance as per the policies of the Company and such increments each year, as may be decided by the Nomination and Remuneration Committee ('Committee') and/or the Board of Directors, based on merit and taking into account the Company's performance for the year;

   Explanation

   For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the provisions of the Companies Act, 2013, Rules made thereunder and as per the provisions of the Income tax Act, 1961 and Rules made thereunder. In the absence of any such rule, perquisites shall be evaluated at actual cost.

   "Family" shall have the same meaning as defined under Schedule V of the Companies Act, 2013.

   Use of Company's car for official purposes and telephone at residence and cell phone (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Apart from the above Perquisites & allowances mentioned herein above, the Executive Chairman shall be reimbursed actual medical expenses including actual cost of medical equipments, gadgets, devices and supplements and in case of hospitalization of the Executive Chairman, the Company shall reimburse the actual expenses incurred by him including expenses incurred by him on travel and treatment abroad, notwithstanding that the total perquisites will exceed the limit of ₹ 3,32,74,120/- (Rupees Three Crore Thirty Two Lakhs Seventy Four Thousand One Hundred & Twenty Only) per annum in any financial year.

The Executive Chairman shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company.

***RESOLVED FURTHER THAT** pursuant to Section 197 and all other applicable provisions of the Companies Act, 2013, where in any financial year during the currency of tenure of the appointment, the Company has losses or its profits are inadequate, the remuneration of ₹ 7,50,00,000/- (Rupees Seven Crores Fifty Lakhs only) per annum or such higher remuneration, as may be permitted according to the schedule V to the Companies Act, 2013 be paid to Mr. Vijay R Kirloskar as minimum remuneration.*

***RESOLVED FURTHER THAT** any Director of the Company and the Company Secretary of the Company be and hereby are severally authorized to do the such acts and deeds, necessary for filing requisite e-forms with the appropriate authority within such time and period as prescribed."*

4. **To appoint Ms. Janaki Kirloskar (DIN: 00309238), as Director of the Company,** and to consider and, if thought fit, to pass the following resolution as an **'Ordinary Resolution':**

*"**RESOLVED THAT** pursuant to the provisions of Sections 152 and 160 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and the relevant provisions of the Articles of Association of the Company, Ms. Janaki Kirloskar (DIN: 00309238), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 26, 2026, pursuant to Section 161(1) of the Act, and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company."*

5. **To appoint Ms. Janaki Kirloskar (DIN: 00309238) as Joint Managing Director of the Company** and to consider and, if thought fit, to pass the following resolution as a **'Special Resolution'.**

*"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 200, 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V, as amended, thereto, applicable regulations of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Articles of Association of the Company, such other approvals as may be necessary and based on the recommendations of the Nomination and Remuneration Committee of the Board of directors, the approval of the members of the Company be and is hereby accorded to the appointment of Ms. Janaki Kirloskar (DIN: 00309238), as a Joint Managing Director of the Company for a period of three (03) years with effect from May 26, 2026 upon the terms and conditions including remuneration of ₹2,50,00,000/- (Rupees Two Crore Fifty Lakhs only) per annum with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement including the details of remuneration as set out hereunder:*

(a) Salary:

₹ 1,24,99,998 /- (Rupees One Crore Twenty Four Lakh Ninety Nine Thousand Nine Hundred and Ninety-eight Only) per annum with such increments each year, as may be decided by the Nomination and Remuneration Committee ('Committee') and/or the Board of Directors, based on merit and taking into account the Company's performance for the year;

(b) Perquisites and allowances:

The Joint Managing Director shall be entitled to perquisites and allowances like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowances, car allowance, performance incentive, re-imbursement of water expenses, gas and electricity bills at residence and medical expenses for self and her family and all other payments in the nature of perquisites and allowances subject to ceiling of ₹1,03,98,752/- (Rupees One Crore Three Lakh Ninety Eight Thousand Seven Hundred and Fifty-Two Only) per annum which shall also include premium payable towards medi-claim and personal accident insurance as per the policies of the Company and with such increments each year, as may be decided by the Nomination and Remuneration Committee ('Committee') and/or the Board of Directors, based on merit and taking into account the Company's performance for the year;.

Explanation

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the provisions of the Companies Act, 2013, Rules made thereunder and as per the provisions of the Income tax Act, 1961 and Rules made thereunder. In the absence of any such rule, perquisites shall be evaluated at actual cost.

"Family" shall have the same meaning as defined under Schedule V of the Companies Act, 2013.

Use of company's car for official purposes and telephone at residence and cell phone (including payment for local calls and long distance official calls) shall not be included *in the computation of perquisites for the purpose of calculating the said ceiling.*

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalization of the Joint Managing Director, the Board of directors shall have the discretion to reimburse the actual expenses incurred by her including on travel, notwithstanding that the total perquisites will exceed the limit of ₹ 1,03,98,752/- (Rupees One Crore Three Lakh Ninety Eight Thousand Seven Hundred and Fifty-Two Only) per annum in any financial year.

The Joint Managing Director shall be entitled to reimbursement of all expenses incurred by her in connection with the business of the Company.

***RESOLVED FURTHER THAT** pursuant to Section 197 and other applicable provisions of the Companies Act, 2013 read with schedule V to the Companies Act, 2013, where in any financial year during the tenure of the re-appointment, the Company has losses or its profits are inadequate, the remuneration of ₹ 2,50,00,000/- (Rupees Two Crore Fifty Lakhs only) per annum be paid to Ms. Janaki Kirloskar as the minimum remuneration.*

***RESOLVED FURTHER THAT** any director of the Company and the Company Secretary of the Company be and hereby are severally authorised to do the such acts, deeds and things necessary for filing requisite e-forms with the appropriate authority within such time and period as prescribed."*

6. **To appoint M/s. BMS Auditing, Chartered Accountants, PO Box no. 80394, Dubai, UAE as Auditor of the Branch office situated at Ajman, UAE** and to consider and, if thought fit, to pass the following resolution as an **'Ordinary Resolution':**

   ***"RESOLVED THAT** pursuant to provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. BMS Auditing, Chartered Accountants, are hereby appointed as an Auditor of the Branch office of the Company situated at Ajman, UAE, to hold the office from the conclusion of this annual general meeting until the conclusion of next annual general meeting of the Company and, on such remuneration, terms and conditions, the Board of directors may deem fit."*

7. **To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2026** and to consider and, if thought fit, to pass the following resolution as an **'Ordinary Resolution':**

   ***"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications (s) or re-enactment thereof, for the time being in force), M/s. Rao, Murthy & Associates (Firm Regn no. 000065), Cost Accountants, were appointed by the Board of directors on the recommendation of the Audit Committee of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2026, be paid the remuneration as set out in the Statement annexed to the notice convening this meeting.*

   ***RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby authorized severally to perform all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."*

8. **Raising of funds through preferential issue and allotment of equity shares to Kirloskar Power Equipments Limited, a promoter group entity of the company, for cash** and to consider and, if thought fit, to pass the following resolution as a **'Special Resolution':**

   ***"RESOLVED THAT** pursuant to the provisions of Sections 42, 62(1)(c) and 179(3)(c) and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and all other rules and regulations made thereunder (including any amendment(s), statutory modification(s) or re-enactment(s) thereof), in accordance with the provisions of the Memorandum and Articles of Association of the Company, and pursuant to the applicable provisions of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time ("SEBI SAST Regulations"), the applicable provisions of the Foreign Exchange Management Act, 1999, including any amendment(s), statutory modification(s), variation(s) or re-enactment(s) thereof ("FEMA"), the extant consolidated Foreign Direct Investment Policy, as amended and replaced from time to time ("FDI Policy") and the Foreign Exchange Management (Non-Debt Instruments) Rules, 2020, as amended, and such other applicable rules, regulations, guidelines, notifications, circulars and clarifications issued/to be issued thereon by the Government of India ("GOI"), the Ministry of Finance (Department of Economic Affairs), the Department for Promotion of Industry and Internal Trade, the Ministry of Corporate Affairs ("MCA"), the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited (together, the "Stock Exchanges"), and subject to such other approvals, permissions, sanctions and consents as may be necessary, including those of the Company's consortium lenders, and on such terms and conditions (including any alterations, modifications, corrections, changes and variations that may be stipulated while granting such approvals, permissions, sanctions and consents) as may be accepted by the Board of Directors of the Company ("Board", which term shall be deemed to* *include any duly constituted/to be constituted Committee of Directors thereof to exercise the powers conferred under this resolution), the consent, authority and approval of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot upto 34,68,007 (Thirty-Four Lakh Sixty-Eight Thousand and Seven) Equity Shares of the face value of ₹10/- (Rupees Ten) each, fully paid up, at ₹115.34/- (Rupees One Hundred Fifteen and Thirty-Four Paise only) each including a premium of ₹105.34/- (Rupees One Hundred Five and Thirty-Four Paise only) per Equity Share, aggregating to ₹39,99,99,927.38 (Rupees Thirty-Nine Crore Ninety-Nine Lakh Ninety-Nine Thousand Nine Hundred Twenty-Seven and Thirty-Eight Paise only), on a preferential basis, to Kirloskar Power Equipments Limited ("KPEL") (CIN: U40109PN1993PLC071239), a Promoter Group entity of the Company presently holding 11,46,315 equity shares of the Company as on 31 March 2026, at a price determined in accordance with Chapter V (Preferential Issue) of the SEBI ICDR Regulations, being not less than the floor price computed thereunder, or such higher price as the Board may, in its absolute discretion, determine.*

***RESOLVED FURTHER THAT** the equity shares of the Company being offered, issued and allotted to KPEL by way of preferential allotment shall, inter alia, be subject to the following terms and conditions:*

a) 100% of the preferential allotment consideration shall be payable by KPEL on or before the date of allotment of the equity shares;

b) the equity shares so offered, issued and allotted to KPEL shall be issued by the Company for cash consideration;

c) the consideration for allotment of the equity shares shall be paid to the Company by KPEL from its bank account;

d) the equity shares shall be issued and allotted by the Company to KPEL within a period of 15 (fifteen) days from the date of passing of this resolution, provided that where any approval or permission of any regulatory authority/Stock Exchanges/the Government of India is pending for the allotment, the said period of 15 days shall be counted from the date of receipt of the last of such approval(s);

e) the equity shares shall be issued and allotted by the Company to KPEL in dematerialized form within the time prescribed under applicable law;

f) the equity shares to be offered, issued and allotted shall rank pari passu with the existing equity shares of the Company in all respects, including as to dividend and voting rights;

g) the "Relevant Date" for the purpose of determination of the floor price of the equity shares to be issued and allotted as aforesaid, in accordance with the SEBI ICDR Regulations and other applicable law, is 14th July, 2026, being the date which is 30 (thirty) days prior to the date of the Annual General Meeting of the Members at which this resolution, if approved by the requisite majority, is deemed to be passed, i.e., 13th August, 2026;

h) the equity shares to be offered, issued and allotted shall be subject to lock-in as provided under the applicable provisions of the SEBI ICDR Regulations; and

i) the equity shares so offered, issued and allotted shall be listed on BSE Limited and National Stock Exchange of India Limited, where the equity shares of the Company are presently listed, subject to receipt of the necessary permissions and approvals.

***RESOLVED FURTHER THAT** the proceeds of the proposed preferential issue shall be utilized towards general corporate purposes, including strengthening the Company's capital structure and reduction of borrowings, in the manner and to the extent permitted under the Company's financing arrangements and subject to such approvals of the consortium lenders as may be required, as may be determined by the Board or the authorised Director(s) /officials.*

***RESOLVED FURTHER THAT** the monies to be received by the Company from KPEL towards subscription of the equity shares pursuant to this preferential issue shall be kept by the Company in a separate bank account opened for the purpose and shall be utilized by the Company in accordance with Section 42 of the Act.*

***RESOLVED FURTHER THAT** subject to receipt of such approvals as may be required under applicable law, the consent of the Members of the Company be and is hereby accorded to record the name and details of KPEL in Form PAS-5, and the Board be and is hereby authorised to make an offer to KPEL through a Letter of Offer/Private Placement Offer Letter cum Application Letter in Form PAS-4, or such other form as may be prescribed under the Act and the SEBI ICDR Regulations, containing the terms and conditions of the offer ("Offer Document"), after passing of this resolution and receipt of any applicable regulatory approvals, with a stipulation that the allotment shall be made only upon receipt of in-principle approval from the Stock Exchanges, and within the timelines prescribed under applicable law.*

***RESOLVED FURTHER THAT** Mr. Vijay R. Kirloskar (DIN: 00031253) – Executive Chairman, Mr. Anand B. Hunnur (DIN: 06650798) – Managing Director, Ms. Janaki Kirloskar (DIN: 00309238) – Joint Managing Director, Mr. Dillip Kumar Pani – Chief Financial Officer, and Mr. Mahabaleshwar Bhat – Vice President, Corporate Affairs & Company Secretary, be and are hereby severally authorised, on behalf of the Company, to finalize the structure and terms of the proposed preferential issue; to obtain all requisite statutory, regulatory, lender and shareholders' approvals; to appoint merchant bankers, legal counsel and other intermediaries; to execute all agreements, documents, applications and filings; and to do all such acts, deeds, matters and things as may be necessary, proper or expedient for giving effect to this* *resolution and the intent thereof.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorised, on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for the purpose of giving effect to this resolution, including without limitation: (i) to vary, modify or alter any of the terms and conditions attached to the equity shares to be allotted to KPEL, including for effecting any modifications, changes, variations, alterations, additions and/or deletions to the preferential issue as may be required by any regulatory or other authority or agency concerned with the issue; (ii) making applications to the Stock Exchanges for obtaining in-principle approvals; (iii) listing of the equity shares; (iv) filing requisite documents with the Ministry of Corporate Affairs and other statutory/regulatory authorities; (v) filing requisite documents with the depositories; (vi) resolving and settling any questions or difficulties that may arise in relation to the preferential offer; (vii) issue and allotment of the equity shares; and (viii) taking all other steps that may be incidental, consequential, relevant or ancillary to the foregoing, without being required to seek any further consent or approval of the Members, who shall be deemed to have given their approval thereto expressly by the authority of this resolution, and the decision of the Board in relation to the foregoing shall be final and conclusive.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred upon it by these resolutions, as it may deem fit in its absolute discretion, to any Committee of the Board or to any one or more Directors, officer(s) or authorised signatory/ies, including in respect of the execution of any documents on behalf of the Company and representing the Company before any governmental or regulatory authorities, and to appoint any professional advisors, bankers, consultants and advocates to give effect to this resolution, and further to take all other steps as may be incidental, consequential, relevant or ancillary in this regard."*

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

NOTES:

(a) In terms of General Circular No. 03/2025 dated September 22, 2025, issued by the Ministry of Corporate Affairs ("MCA") in continuation of its previous circulars (*including General Circular No. 20/2020 dated May 5, 2020, and General Circular No. 09/2024 dated September 19, 2024*), and in compliance with the provisions of the Companies Act, 2013 ("the Act") and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), Companies are permitted to conduct their Annual General Meeting (AGM) through Video Conferencing (VC) / other audio visual means (OAVM), till further orders. Therefore the 79th AGM of the Company is being held through VC / OAVM. Hence, the physical presence of the Members at a common venue is not required, and the proceedings of the 79th AGM shall be deemed to be conducted at the Registered Office of the Company, which shall be the deemed venue of the Meeting.

(b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business is annexed hereto.

(c) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, May 05, 2022, December 28, 2022, September 25, 2023, September 19,2024 & September 22, 2025 the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the 79th AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as e-voting at the time of conducting AGM through video conferencing (VC) or other audio visual means (OAVM) will be provided by CDSL.

(d) Pursuant to the MCA Circular No. 14/2020 dated April 08, 2020 issued by the Ministry of Corporate Affairs and SEBI circular dated May 13, 2022, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

(e) The members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large members (members 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, Scrutinizers etc., who are allowed to attend the AGM without restriction on account of first come first served basis.

(f) The attendance of the members attending the 79th AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

(g) Pursuant to Circular nos. 14/2020, 17/2020, 20/2020, 02/2021, 02/2022, 03/2022, 10/2022 & 09/2023 dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, May 05, 2022, December 28, 2022, September 25, 2023, September 19, 2024 & September 22 , 2025 respectively issued by Ministry of Corporate Affairs ('MCA') and Circulars dated May 12, 2020, January 15, 2021, May 13, 2022, October 07, 2023 & October 03, 2024 issued by SEBI, the 79th AGM of the Company will be held through VC/OAVM. The electronic copy of the Annual Report for the year ended March 31, 2026 and Notice of the 79th AGM are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes by way of link. The Notice can also be accessed from the websites of the Stock Exchanges i.e., BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e., www.evotingindia.com. A copy of the notice of the AGM and annual report are also available for download from the website of the Company at www.kirloskarelectric.com.

(h) **DISPATCH OF NOTICE AND 79TH ANNUAL REPORT TO SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED:**

i. In compliance with the provisions of Regulation 36(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with applicable MCA and SEBI Circulars, the requirement to dispatch physical copies of the abridged Annual Report has been dispensed with. Accordingly, the Company has dispatched a physical letter via permitted postal modes to those Shareholders whose email addresses are not registered with the Company, its Registrar and Share Transfer Agent (RTA), or the Depository Participants.

ii. The said physical letter contains the specific Web-link and a QR Code providing direct access to view and download the Notice of the 79th AGM and the 79th Annual Report for the Financial Year 2025-26. It also outlines the necessary procedure to enable such Shareholders to permanently register/update their email addresses for all future electronic communications.

iii. Shareholders who wish to maintain a physical copy of the full Annual Report for the Financial Year 2025-26 may submit a written request to the Company at its Registered Office or via email at investors@kirloskarelectric.com quoting their Folio No. / DP ID & Client ID, and the Company shall arrange to send the same free of cost.

(i) For the purpose of AGM, the Register of Members of the Company will remain closed from Friday, August 07, 2026 to Thursday, August 13, 2026 (both the days inclusive).

(j) Documents relating to any of the items mentioned in the Notice and the Explanatory Statement thereto are open for inspection at the registered office of the Company on any working day during the business hours of the Company.

(k) Members requiring information on the accounts and operations of the Company are requested to write to the Company at investors@kirloskarelectric.com atleast seven days before the date of the AGM to enable the management to keep the information ready.

(l) Members holding share(s) either singly or jointly in identical order in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holdings in one folio.

(m) Members holding shares in physical form are requested to notify any change of their addresses timely to the Company's Registrar and Share Transfer Agent (“RTA”), i.e., **Integrated Registry Management Services Private Limited,** No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560003. Members holding shares in electronic form are advised to notify any change in their address to the concerned depository participants.

(n) Members desirous of making a nomination in respect of their physical shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form No SH.13 duly completed to the secretarial department of the Company.

(o) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their DEMAT accounts. Members holding shares in physical form can submit their PAN details to the Company.

(p) Voting through electronic means in compliance with the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has provided a facility to its members to exercise their votes electronically through e - voting service arranged through Central Depository Services (India) Limited ("CDSL"). The facility to cast votes through e-voting will also be made available during the AGM and members attending the AGM through Video Conference, but who have not cast/ exercised their rights to vote by remote e-voting shall be able to exercise their right to vote through e-voting during the AGM. Members who have cast their votes through remote e-voting prior to the AGM may attend the AGM through video conference but shall not be entitled to cast their votes again during the AGM. The instructions for remote e-voting are provided herein.

(q) Mr. K Chandra Sekhar, Practicing Company Secretary (ACS No. 14441/ COP No. 24363), has been appointed as scrutinizer to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner.

(r) The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website at www.kirloskarelectric.com and on the website of CDSL within two working days of the conclusion of AGM. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

(s) THE INTRUCTIONS TO MEMBERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) The voting period will begin on Monday, August 10, 2026 (from 9.00 A.M) and will end on Wednesday, August 12, 2026 (at 5.00 P.M). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The cut-off date for e-voting facility is Thursday, August 06, 2026 and members whose names appear in the register of members shall be entitled to avail the service. Any person who becomes a member of the Company after dispatch of the notice of the AGM and holding shares as on the cut-off date is requested to contact Company's RTA to get the details relating to his/her user-id and password. Members may call the RTA through telephone number +91-80-23460815-818 or send an email request to irg@integratedindia.in.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its Members, in respect of all Members' resolutions. However, it has been observed that the participation by the public non-institutional Members/retail Members is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the Members.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the Demat account holders, by way of a single login credential, through their Demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in Demat mode are allowed to vote through their Demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email ID in their Demat accounts in order to access e-Voting facility.

Pursuant to the above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual Members holding securities in Demat mode is given below:

Type of Members	Login Method
Individual Members holding securities in Demat mode with **CDSL Depository**	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & My Easi New (Token) Tab. 2) 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. 3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & My Easi New (Token) Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Members holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting 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 name and you will be re- directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is 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 3) 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 name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4) 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 name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Members (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. After successful login, you will be able to see e-Voting option. Once you 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 name and you will be redirected to e-Voting service provider's website 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 above mentioned website.

Helpdesk details for Individual Members holding securities in DEMAT mode for any technical issues related to login through Depository i.e., CDSL and NSDL

Login type	**Helpdesk details**
Individual Members 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:18002109911
Individual Members 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.co.in or call at toll free no.: 022 - 4886700 & 022 - 2499700

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meeting for Members holding shares in Physical mode and members other than individual holding in Demat form:

1. The members should log on to the e-voting website www.evotingindia.com during the voting period.
2. Click on "Shareholders / Members" tab.
3. Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in DEMAT form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

	For Members holding shares in physical Form and other than Individual members holding shares in DEMAT Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both DEMAT members as well as physical members) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the DEMAT account/folio number in the PAN Field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Date of Birth as recorded in your DEMAT account or in the Company records for the said DEMAT account or folio in DD/MM/YYYY format. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in DEMAT form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the DEMAT holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN of KIRLOSKAR ELECTRIC COMPANY LIMITED on which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xv) If the DEMAT account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(vii) Additional facility for Non – Individual Members and Custodians–Remote Voting only:

- Non-Individual Members (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping
- It is mandatory that a scanned copy of the Board Resolution and/or Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investors@kirloskarelectric.com, if they have voted from individual tab & not uploaded the same in the CDSL e-voting system for the scrutinizer to verify the same.

(t) INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Members are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 07 days prior to meeting mentioning their name, Demat account number / folio number, email id, mobile number at investors@kirloskarelectric.com .The Members who do not wish to speak during the AGM but have queries may send their queries in advance atleast 07 days prior to meeting mentioning their name, Demat account number/folio number, email id, mobile number at investors@kirloskarelectric.com. These queries will be replied to by the Company suitably by email.
8. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those Members, who are 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 available during the AGM.
10. If any Votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.

(u) PROCESS FOR THOSE MEMBER'S WHOSE EMAIL ADDRESSES / MOBILE NUMBERS ARE NOT REGISTERED WITH THE COMPANY / DEPOSITORIES:

i. For Physical Member: Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) by email to Company/RTA email id.

ii. For Demat Members: Please update your email id & mobile no. with your respective Depository Participant (DP).

iii. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911

Information about directors seeking appointment / reappointment given in the annexure appended hereto and forms part of this report.

Information about directors seeking appointment / reappointment given in the annexure appended hereto and forms part of this report.

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Contact Details: Quick reference for members	
Company	**Kirloskar Electric Company Limited**
Registered Office	No. 19, 2nd Main Road, Peenya 1st stage, Phase-I, Peenya, Bengaluru – 560058 CIN: L31100KA1946PLC000415; Email: investors@kirloskarelectric.com Website: www.kirloskarelectric.com Tel No.: 080-28397256; Fax: 080-28396727
Registrar and Transfer Agent	M/s. Integrated Registry Management Services Private Limited, No.30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560003 CIN: U74900TN2015PTC101466 Email: irg@integratedindia.in Tel: 080-23460815-818; Fax: 080-23460819
e-Voting Agency	Central Depository Services (India) Limited All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, AVP, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 21 09911.
Scrutinizer	Mr. K Chandra Sekhar, Practising Company Secretary. E-mail ID: associate@kcsassociates.co.in

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business is annexed hereto.

Item no. 3:

Mr. Vijay Ravindra Kirloskar (DIN: 00031253), Executive Chairman of the Company was re-appointed for a period of three (3) years effective from August 12, 2023 and his tenure as a Whole-time Director would end on August 11, 2026. The Board of Directors ("the Board"), at its meeting held 14.07.2026, based on the recommendation of the Nomination and Remuneration Committee ("NRC"), approved the re-appointment of Mr. Vijay Ravindra Kirloskar (DIN: 00031253) as Whole-time Director of the Company and designated him as the Executive Chairman of the Company for a further period of three (3) years with effect from August 12, 2026 with remuneration structure of ₹ 7,50,00,000/- (Rupees Seven Crores Fifty Lakhs only) per annum with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement, subject to the approval of the Shareholders.

During his tenure since August 12, 2023, Mr. Vijay R Kirloskar has provided exemplary leadership, driving the Company's manufacturing excellence, strategic expansions, and market footprint. Taking into consideration the scale of operations, the complexity of the manufacturing business, his profound industry expertise, and the benchmarking of remuneration with industry peers, the NRC and the Board are of the view that the continued association of Mr. Vijay R Kirloskar will immensely benefit the Company.

Except Mr. Vijay R Kirloskar, Mrs. Meena Kirloskar, Ms. Janaki Kirloskar and Ms. Rukmini Kirloskar none of the other directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution at item no. 3.

Disclosures as per schedule V of the Companies Act, 2013

I. General information:

1) Nature of industry:

Kirloskar Electric Company Limited (KECL) was incorporated on 26th July 1946. KECL is engaged in the manufacture of various electrical equipments such as motors, alternators and generators, transformers, DG sets etc., The Company has different product groups such as transformer and distribution group, large machine group, low voltage machine group, power generation group. Each product group is having different products within its broad range. KECL is one of the leading Companies in India which manufactures and supplies motors which are used in electric vehicles. The Company provides tailor made customized electrical equipments to its customers. The major Companies PSUs and EPCs are valued customers. The Company has overseas customers also.

2) Date of commencement of commercial production:

July 26, 1946

3) Financial performance based on given indicators as on March 31, 2026:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Revenue from operations	**58,934**	54,382	**58,934**	54,382
Other income (Net)	**1,106**	698	**1,106**	775
Total Revenue	**60,040**	55,080	**60,040**	55,157
Total Expense	**58,356**	55,334	**58,363**	55,754
Profit before Exceptional items	**1,684**	(254)	**1,677**	(597)
Exceptional Items	**(808)**	995	**(808)**	995
Profit / (Loss) before tax	**876**	741	**869**	398
Tax Expense	**30**	25	**30**	25
Profit / (Loss) after tax	**846**	716	**839**	373
Total other comprehensive income	**(183)**	2,867	**(183)**	2,867
Total comprehensive income for the period	**663**	3,583	**656**	3,240

Note: *The above figures are extracted from the audited standalone and consolidated financial statements as per Indian Accounting Standards (Ind AS).*

4) Foreign investments or collaborations, if any:

The company has investments in the following companies abroad:

a.	Kirloskar (Malaysia) SDN BHD	₹ 5.29 lakhs for 300,000 shares
b.	Kirsons Trading Pte Ltd	₹ 11.20 lakhs for 56,250 shares

II. Information about the appointee:

(1) Background details, Recognition or awards:

Mr. Vijay Ravindra Kirloskar, aged 75 years, possesses a Master's degree in Management Science and Engineering from Worcester Polytechnic Institute, Worcester, MA, USA. His tenure with the Company commenced in 1978 as Manager-Production. He subsequently ascended to the position of President in 1982, and on August 17, 1985, he was appointed as the Company's Managing Director. From 1994 to 1998, he served as Chairman of the Kirloskar Group, a period during which the Group and the Company achieved substantial growth under his guidance. Furthermore, Mr. Kirloskar has held several significant positions within the industry, including Vice President of the Confederation of Indian Industry (CII) in 1998.

Mr. Kirloskar's extensive educational background and professional experience render him exceptionally well-suited for his current office. He bears responsibility for the overall management of the Company. Furthermore, his broad network and established relationships within the industry significantly contribute to the Company's strategic advantage, facilitating the acquisition of new customers, securing substantial order bookings, forging valuable new contacts, and establishing key technology agreements.

Mr. Kirloskar, in his capacity as a promoter and experienced senior managerial personnel, is instrumental in the comprehensive conduct of the Company's business operations. It is noteworthy that the Company's proposed compensation package for him is below the prevailing remuneration standards for managerial positions in comparable industries.

(2) Past remuneration: Details of remuneration drawn by Mr. Vijay Ravindra Kirloskar for past three years:

(Amount in ₹)

Year	Total Remuneration
2023-24	4,00,00,000/-
2024-25	5,00,00,000/-
2025-26	5,50,00,000/-

(3) Remuneration proposed

Annual remuneration to the Executive Chairman is proposed in the resolution under item no. 3 in the notice.

(4) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The compensation package, which the company has proposed is lower compared to the salaries offered to managerial personnel within the comparable industries.

The details of the turnover and the remuneration paid to Executive Chairman in other comparable similar Industries are as shown in the table given below:

(₹ in Crores)

Sl No.	Name of the company	Turnover	Remuneration
1.	Voltamp Transformers Limited (2024-25)	1,934.23	8.26
2.	Bharat Bijlee Limited (2024-25)	1,901.69	11.78
3.	Crompton Greaves Consumer Electricals Limited (2024-25)	7,028.29	8.50
4.	Kirloskar Brothers Limited (2024-25)	2,901.39	9.89

(Note: The above details have been considered from the public domain. The details may vary.)

(5) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Except for Mr. Vijay Ravindra Kirloskar, Mrs. Meena Kirloskar, Ms. Janaki Kirloskar and Ms. Rukmini Kirloskar, none of the directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution set forth under item no. 3 of the accompanying notice.

III. Other information:

(1) Reasons for loss or inadequate profits:

As the members are aware that the Lloyd Dynamowerke Gmbh & Co.KG (LDW) is a step down subsidiary of the Company set up in Germany. LDW was facing serious financial and operational challenges since the financial year 2011-12 after the economic slowdown in Europe. The Company infused capital from time to time and in the process its Balance Sheet exposure in the form of investment in LDW increased substantially up to ₹224.47 crores. LDW recorded huge losses in the year 2012-13 and 2013-14 and ultimately filed for insolvency in the German court of law. As a result of the investment in LDW, KEC experienced gradually incremental severe shortage of working capital, which led to low capacity utilization and thereby resulting into losses.

After the administrator was appointed to liquidate LDW, KEC lost total control over LDW and hence the investment was substantially impaired in the year 2014-15. Accumulation of operating losses continued weak business environment and funding of LDW together affected Company's operation. In order to address the whole issue, during the year 2014-15 the Company drew up a financial reorganization planning consultation with financial lenders (lenders). The lenders formed a Joint Lenders Forum (JLF) and corrective action plan was drawn up in mutual consultation with JLF members and Company.

Since then the Company has taken several initiatives to increase its profitability and to explore new opportunities of achieving cost reduction and price competitiveness. Infusion of substantial funds in the Company corroborates his commitment to the Company. His varied experience and exposure has come very handy to the business in these difficult times.

(2) Steps taken or proposed to be taken for improvement:

As mentioned earlier, the Company has already taken measures for improving its working, such as cutting costs at all levels, reduction in manpower, product development, improving working capital management etc., and the performance is getting improved. On the other hand, the Company has disposed off those assets of the Company and other vacant lands available which had no value to the operations of the Company. The Company has repaid its term loans and working capital loans borrowed under Joint Lenders Forum (JLF) from consortium banks / financial institutions.

(3) Expected increase in productivity and profit in measurable terms:

Implementing above suggestions, should lead to significant improvements in the Company’s productivity and margin.

IV. Disclosures:

Applicable disclosures required under Section II of part II, Schedule V to the Companies Act, 2013 are mentioned in the Board's report under corporate governance attached to 79th annual report.

Further, the effective capital of the Company is negative and as required under Section II of part II, Schedule V to the Companies Act, 2013, the approval of members of the Company is sought by way of **Special Resolution**.

The Board of directors recommends the resolution set forth under item no. 3 of the accompanying notice for the approval of members.

Item no. 4:

Ms. Janaki Kirloskar (DIN: 00309238) is daughter of Mr. Vijay Ravindra Kirloskar & Mrs. Meena Kirloskar. Ms. Janaki Kirloskar was appointed as Chief Executive officer [CEO] of the Company with effect from February 11, 2026 and the members of the Company has approved the appointment of a related party in office or place of profit through postal ballot and the results of postal ballot was declared on April 08, 2026 to the stock exchanges where the shares of the Company are listed and is hosted on the website of the Company along with the scrutinizer's report. Further the Board of directors at its meeting held on May 26, 2026, based on the recommendations of the Nomination and Remuneration Committee and subject to approval of members of the Company, has appointed Ms. Janaki Kirloskar as 'Additional Director' of the Company in terms of provisions of Section 161 of the Companies Act, 2013, and rules made thereunder and who shall hold the office upto this annual general meeting.

The Board has received a notice from a member proposing candidature of Ms. Janaki Kirloskar, for the office of Director in terms of Section 160 of the Companies Act, 2013. A brief profile covering the details of her age, qualification, experience, terms and conditions of appointment, etc., as required pursuant to the Secretarial Standards on General Meetings, is annexed to this Notice as **Annexure I**.

The Board considers that on account of vast knowledge and experience of Ms. Janaki Kirloskar, her appointment will be in the best interest of the Company.

Except Ms. Janaki Kirloskar, Mr. Vijay R Kirloskar, Mrs. Meena Kirloskar and Ms. Rukmini Kirloskar none of the other directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution at item no. 4.

Item no. 5:

As mentioned in the item no. 4, the Board of directors based on the recommendations of the Nomination and Remuneration Committee and subject to approval of members, proposed appointment of Ms. Janaki Kirloskar (DIN: 00309238) as a Joint Managing Director of the Company for a period of three (03) years with effect from May 26, 2026 upon the terms and conditions including remuneration of ₹ 2,50,00,000/- (Rupees Two Crore Fifty Lakhs only) per annum with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement. The appointment is being made pursuant to Sections 196, 197 and 203 of the Companies Act, 2013 read with Schedule V thereto and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, upon such appointment becoming effective, Ms. Janaki Kirloskar shall cease to hold the position of Chief Executive Officer (CEO) of the Company, and shall function exclusively in the capacity of Joint Managing Director of the Company. The Board is of the view that her appointment as Joint Managing Director will strengthen the management and strategic direction of the Company. Over the past several months Ms. Janaki Kirloskar has been working closely with the leadership team, the customers, the lenders and other stakeholders. She brings with her a deep commitment to this Company not merely as a professional but as a member of the family whose name this Company carries. The Board has every confidence that under her stewardship, the Company will grow from strength to strength.

Disclosures as per schedule V to the Companies Act, 2013:

I. General information: [Please refer to the General information provided under Item no. 3 from I.(1) to I. (4)].

II. Information about Ms. Janaki Kirloskar:

(1) Background details, recognition or awards, job profile and his suitability:

Ms. Janaki Kirloskar aged 45 years, is daughter of Mr. Vijay R Kirloskar & Mrs. Meena Kirloskar and also sister of Ms. Rukmini Kirloskar. Ms. Janaki Kirloskar holds a Bachelor's degree in Industrial Engineering (Honours) from Worcester Polytechnic Institute, USA (Class of 2003). Following graduation, she joined Kirloskar Electric Company Limited in 2004, where she worked until 2016, gaining hands-on exposure across manufacturing operations, business processes, and organizational functions within the Group. During this period, she developed a deep understanding of industrial businesses and promoter-led enterprise operations.

In 2016, she transitioned into entrepreneurship and founded Kika Tableware, a premium crockery brand. She was responsible for building the business end-to-end, including product development, brand positioning, vendor management, and distribution, and led the venture until 2025. Between 2022 and 2025, she was associated with Ravindu Motors, where she was involved in operational and strategic initiatives, including supporting the merger and acquisition process that culminated in the sale of the business. Her experience spans manufacturing, entrepreneurship, and strategic transition.

(2) Past remuneration: Ms. Janaki Kirloskar was drawing remuneration of Rs. 2,50,00,000/- (Rupees Two Crore Fifty Lakhs only) per annum in the Capacity of Chief Executive Officer (CEO) of the Company with effect from February 11, 2026.

(3) Remuneration proposed: The remuneration proposed and recommended by the Nomination & Remuneration Committee to Ms. Janaki Kirloskar has been set out under the resolution no. 5.

(4) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The compensation package, which the company has proposed is lower compared to the salaries offered to managerial personnel within the comparable industries.

The details of the turnover and the remuneration paid to Managing Director in other comparable similar Industries are as shown in the table given below:

(₹ in Crores)

Sl No.	Name of the company	Turnover	Remuneration
1.	Voltamp Transformers Limited (2024-25)	1,934.23	5.67
2.	Bharat Bijlee Limited (2024-25)	1,901.69	7.51
3.	Crompton Greaves Consumer Electricals Limited (2024-25)	7,028.29	10.69
4.	Kirloskar Brothers Limited (2024-25)	2,901.39	9.53

(Note: The above details have been considered from the public domain. The details may vary.)

(5) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Except for Ms. Janaki Kirloskar being the appointee, Mr. Vijay Ravindra Kirloskar, Mrs. Meena Kirloskar and Ms. Rukmini

Kirloskar being relatives of the appointee, none of other directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution set forth under item no. 5 of the accompanying notice.

III. Other information: [Please refer to the disclosure under Item no. 3 from point (1) to (3)];

IV. Disclosures:

Applicable disclosures required under Section II of part II, schedule V to the Companies Act, 2013 are mentioned in the Board's report under corporate governance attached to this annual report.

Further, the effective capital of the Company is negative and as required under Section II of part II, schedule V to the Companies Act, 2013, the approval of members of the Company is sought by way of special resolution.

The Board of directors recommends the resolution set forth under item no. 5 of the accompanying notice for approval of the members.

Item no. 6:

The Company has a branch office at Ajman, UAE, and in accordance with the laws of that country and other regulatory requirements, approval is sought from the members to appoint BMS Auditing, Chartered Accountants, as branch auditors for the branch office at Ajman, UAE, who shall hold the office from the conclusion of 79th Annual General Meeting till the conclusion of 80th Annual General Meeting of the Company. The members are further requested to authorize the Board of Directors of the Company to fix their remuneration.

None of the Directors, Key Managerial Personnel (KMP) or relatives of Directors and KMP is in any way concerned with or interested, financially or otherwise, in the resolution at item no. 6 of the accompanying notice.

The Board of directors recommends the resolution at item no. 6 to be passed as an ordinary resolution.

Item no. 7:

The Board on the recommendation of the Audit Committee had approved the appointment of M/s. Rao, Murthy & Associates, Cost Auditors at remuneration of ₹ 4,50,000/- (Rupees Four Lakhs Fifty Thousand only) to conduct the audit of the cost records of the Company for the financial year ended March 31, 2026. In accordance with the provisions of the Section 148 of the Act read with the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP, are in any way concerned with or interested, financially or otherwise, in the in the proposed resolution under Item no. 7 of the accompanying notice.

The Board of Directors of your Company recommends that the resolution under Item no. 7 be passed in the interest of your Company. The documents, if any, referred above, will be made available for inspection in electronic mode.

Item no. 8:

The Board of Directors of Kirloskar Electric Company Limited ("Company"/"KECL") have, at its meeting held on 16th July, 2026, subject to the approval of the Members of the Company ("Members") and such other approvals as may be required, approved the issue & allotment of Equity Shares to Kirloskar Power Equipments Limited ("KPEL") (CIN: U40109PN1993PLC071239), a Promoter Group entity of the Company presently holding 11,46,315 equity shares (approximately 1.73% of the paid-up equity share capital, as at 31 March 2026) of the Company, on a preferential basis, at a price determined as per Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and the Articles of Association of the Company.

The offer/issue/allotment would be subject to the requisite regulatory approvals, including but not limited to the approval of SEBI/the Stock Exchanges, etc., as may be required, and necessary disclosures will be made to BSE Limited and National Stock Exchange of India Limited (together, the "Stock Exchanges") as may be required under the provisions of the SEBI Listing Regulations/the Act/SEBI regulations.

Pursuant to the provisions of Section 42, Section 62(1)(c) and Section 179(3)(c) of the Companies Act, 2013, read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter V of the SEBI ICDR Regulations and other applicable laws, as amended from time to time, approval of the Members of the Company by way of a Special Resolution is required to issue equity shares on a preferential basis to KPEL for cash ("Proposed Preferential Issue").

The Proposed Preferential Issue is subject to the approval of any other regulatory authority and subject to such other approvals, permissions, sanctions and consents as may be necessary, including those of the Company's consortium lenders, as may be necessary, without the need for any further approval from the Members, to undertake the preferential issue, in accordance with the provisions of Chapter V of the SEBI ICDR Regulations.

Accordingly, in terms of the Act and the SEBI ICDR Regulations, the consent of the Members is being sought for raising of funds aggregating up to ₹39,99,99,927.38 (Rupees Thirty-Nine Crore Ninety-Nine Lakh Ninety-Nine Thousand Nine Hundred Twenty-Seven and Thirty-Eight Paise only), by way of issue and allotment of 34,68,007 (Thirty-Four Lakh Sixty-Eight Thousand and Seven) Equity Shares of ₹10/- (Rupees Ten) each ("Equity Shares") at a price of ₹115.34/- (Rupees One Hundred Fifteen and Thirty-Four Paise only) per Equity Share for cash, on a preferential basis to KPEL, as the Board of Directors of the Company may determine in the manner detailed hereafter.

The Equity Shares to be allotted pursuant to the above resolution shall rank pari passu in all respects, including as to dividend and voting rights, with the existing Equity Shares of the Company.

The Equity Shares to be allotted to KPEL, being an investor belonging to the Promoter and Promoter Group category, pursuant to the proposed Special Resolution, shall be subject to lock-in as per the requirements of the SEBI ICDR Regulations, as amended from time to time.

The disclosures required in accordance with the provisions of the Companies Act, 2013, the SEBI ICDR Regulations and other applicable Regulations/laws in relation thereto are as under:

1. **The objects of the Preferential Issue**

Subject to applicable law, the funds raised from the Proposed Preferential Issue are proposed to be utilised as under:

Sr. No.	Purpose for which the issue proceeds are proposed to be utilised	Amount (₹)
1.	Repayment / prepayment of borrowings of the Company subject to such consents/ approvals of the Company's consortium lenders as may be required	25,00,00,000
2.	Funding working capital requirements of the Company and General corporate purposes	14,99,99,927.38
	Total	**₹ 39,99,99,927.38**

2. **Number of Securities to be Issued and Pricing**

The Company proposes to issue and allot up to 34,68,007 (Thirty-Four Lakh Sixty-Eight Thousand and Seven) Equity Shares of the face value of ₹10/- (Rupees Ten) each, fully paid up, at ₹115.34/- (Rupees One Hundred Fifteen and Thirty-Four Paise only) each, including a premium of ₹105.34/- (Rupees One Hundred Five and Thirty-Four Paise only) per Equity Share, aggregating to ₹39,99,99,927.38 (Rupees Thirty-Nine Crore Ninety-Nine Lakh Ninety-Nine Thousand Nine Hundred Twenty-Seven and Thirty-Eight Paise only), or such higher price which shall not be less than the minimum specified price as per the SEBI ICDR Regulations, to KPEL, subject to receipt of the approval of the Members, the Stock Exchanges and any other statutory approvals, if required. Please refer to point no. 4 below for the basis of calculating the price for the Proposed Preferential Issue.

3. **Relevant Date**

The "Relevant Date" for the purpose of determination of the floor price of the Equity Shares to be issued and allotted as stated above, as per the SEBI ICDR Regulations and other applicable laws, is July 14, 2026, being the date which is thirty (30) days prior to the date of the 79th Annual General Meeting of the Company (on which date this resolution, if approved by the requisite majority, will be deemed to be passed), i.e., August 13, 2026.

4. **Basis on which the Price has been arrived at**

The Equity Shares of the Company are listed on BSE Limited (Scrip Code: 533193) and National Stock Exchange of India Limited (Symbol: KECL) (ISIN: INE134B01017).

The issue of Equity Shares on a preferential basis to KPEL, a Promoter Group entity, shall be made in such manner and at such price, terms and conditions as may be determined by the Board in accordance with Regulation 164(4) of Chapter V of the SEBI ICDR Regulations.

As per Regulation 164(5) of the SEBI ICDR Regulations, "frequently traded shares" means the shares of an issuer in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the Relevant Date is at least ten per cent of the total number of shares of such class of shares of the issuer. The traded volume of the Company's Equity Shares on the National Stock Exchange of India Limited ("NSE") for the 90 (ninety) trading days preceding the Relevant Date (26 February 2026 to 13 July 2026) was 2,76,98,436 Equity Shares, constituting approximately 41.71% of the paid-up equity share capital of the Company (i.e., 6,64,14,071 Equity Shares of Rs. 10/- each as at 31 March 2026) already well in excess of the 10% threshold prescribed for the longer 240-trading-day window under Regulation 164(5). Since the 240-trading-day turnover can only be equal to or higher than this 90-day subset, the Company's Equity Shares qualify as "frequently traded shares" within the meaning of Regulation 164(5), and pricing accordingly falls to be governed by Regulation 164(1) (VWAP-based pricing) rather than Regulation 165. For the purpose of computation of the issue price per Equity Share, NSE, being the Stock Exchange with the higher trading volume during the period preceding the Relevant Date, has been considered.

Regulation 164(1) of Chapter V of the SEBI ICDR Regulations prescribes the minimum price at which the Proposed Preferential Issue may be made, where the Equity Shares have been listed for a period of ninety trading days or more as on the Relevant Date, as not less than the higher of the following:

a) the 90 (ninety) trading days' volume-weighted average price ("VWAP") of the Equity Shares on NSE preceding the Relevant Date (26 February 2026 to 13 July 2026), on a total traded volume of 2,76,98,436 Equity Shares and total traded value of ₹3,09,78,07,098.80, i.e., ₹111.84 per Equity Share; and

b) the 10 (ten) trading days' VWAP of the Equity Shares on NSE preceding the Relevant Date (30 June 2026 to 13 July 2026), on a total traded volume of 5,86,707 Equity Shares and total traded value of ₹6,76,71,944.17, i.e., ₹115.34 per Equity Share,

subject also to the floor price, if any, determined in accordance with the provisions of the Articles of Association of the Company.

On the above computation, the floor price of the Equity Shares, being the higher of the 90-trading-day VWAP (₹111.84) and the 10-trading-day VWAP (₹115.34), works out to ₹115.34 per Equity Share. This computation is recorded in the Company's Board meeting held on July 16, 2026, and remains subject to independent certification by CS Ajit Kumar (Membership No. FCS 9320 & CP: 10990), in the form required under the NSE/BSE in-principle approval checklist.

Based on the above, the price at which the Proposed Preferential Issue is being made is ₹115.34 per Equity Share, being not less than the minimum price computed in accordance with Regulation 164(1) of the SEBI ICDR Regulations and, if applicable, the floor price prescribed under the Articles of Association of the Company.

The new allotment of 34,68,007 Equity Shares to KPEL constitutes approximately 4.96% of the post-Preferential Issue, fully diluted share capital of the Company (6,98,82,078 Equity Shares) i.e., less than 5% (five per cent). Since the Proposed Preferential Issue is accordingly not expected to result in the allotment of more than 5% of the post-issue, fully diluted share capital of the Company to KPEL, nor in a change in control of the Company, the provisions of Regulation 166A of the SEBI ICDR Regulations are not triggered. This conclusion is based on the floor price of ₹115.34 per Equity Share and shall be re-verified if the Board determines a different issue price.

Since the Equity Shares of the Company have been listed on the recognised Stock Exchanges for a period of more than 90 trading days prior to the Relevant Date, re-computation of the issue price is not ordinarily required, and the Company would accordingly not be required to submit the undertakings specified under Regulations 163(1)(g) and (h) of the SEBI ICDR Regulations, save where re-computation is otherwise triggered under the SEBI ICDR Regulations.

If the Company is required to re-compute the price, it shall undertake such re-computation, and if the amount payable on account of such re-computation of price is not paid by KPEL within the time stipulated under the SEBI ICDR Regulations, the Equity Shares proposed to be issued pursuant to this resolution shall continue to be locked-in until such amount is paid by KPEL.

The Equity Shares allotted pursuant to the above resolution shall rank pari passu in all respects with the existing Equity Shares of the Company.

5. Particulars of the Proposed Allottee

The Company proposes to issue Equity Shares by way of preferential issue to KPEL, a Promoter Group entity, for cash, as per the details given below:

Name	Category	Pre-Preferential Issue No. of Shares held	% of Holding	New Allotment (No. of Equity Shares)	Post-Preferential Issue No. of Shares	Post-Preferential % of Holding
Kirloskar Power Equipments Limited (KPEL)	Promoter Group	11,46,315	1.73%	34,68,007	46,14,322	6.60%

6. Identity of Natural Persons who are the Ultimate Beneficial Owners

Identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted to and/or who ultimately control KPEL, and the percentage of the post-Preferential Issue capital that may be held by them:

Name of the proposed allottee	Category of Proposed Allottee	Name of the Ultimate Beneficial Owner	Identity of Natural person
Kirloskar Power Equipment Limited	Promoter Group	Mr. Vijay R Kirloskar	Mr. Vijay R Kirloskar is director, promoter and shareholder in the proposed allottee company holding 30.63% Shareholding.

7. Shareholding pattern of the company before and after the issue

The shareholding pattern of the Company before and after the Proposed Preferential Issue is provided below

Sr. No.	Category of the Shareholders	Pre-preferential Issue Shareholding		Preferential Issue	Post-preferential Issue Shareholding	
		No. of equity shares held	% of shares	No of Shares	No. of equity shares held	% of shares
A	**Shareholding pattern of the Promoter and Promoter Group**					
(1)	**Indian**					
(a)	Individuals/Hindu undivided Family	1,22,27,802	18.41	-	1,22,27,802	17.50
(b)	Central Government/ State Government(s)					
(c)	Financial Institutions/ Banks					
(d)	Any Other (specify)	2,08,06,985	31.33	34,68,007	2,42,74,992	34.74
	Sub-Total (A)(1)	**3,30,34,787**	**49.74**	**34,68,007**	**3,65,02,794**	**52.23**
(2)	**Foreign**					
(a)	Individuals (Non Resident Individuals/ Foreign Individuals)	-			-	
(b)	Government	-			-	
(c)	Institutions	-			-	
(d)	Foreign Portfolio Investor	-			-	
(e)	Any Other (specify)	-			-	
	Sub-Total (A)(2)	-			-	
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**3,30,34,787**	**49.74**	-	**3,65,02,794**	**52.23**
B	**Shareholding pattern of the Public shareholder**					
(1)	**Institutions (Domestic)**					
(a)	Mutual Funds					
(b)	Venture Capital Funds					
(c)	Alternate Investment Funds	40,000	0.06	-	40,000	0.06
(d)	Banks	31,969	0.05	-	31,969	0.05
(e)	Insurance Companies	7,54,484	1.14	-	7,54,484	1.08
(f)	Provident Funds/ Pension Funds					
(g)	Asset reconstruction companies					
(h)	Sovereign Wealth Funds					
(i)	NBFCs registered with RBI					
(j)	Other Financial Institutions					
(k)	Any Other (specify)					
	Sub-Total (B)(1)	**8,26,453**	**1.24**	-	**8,26,453**	**1.18**
(2)	**Institutions (Foreign)**					
(a)	Foreign Direct Investment					
(b)	Foreign Venture Capital Investors					
(c)	Sovereign Wealth Funds					
(d)	Foreign Portfolio Investors Category I	1,84,648	0.28	-	1,84,648	0.26
(e)	Foreign Portfolio Investors Category II	6,17,846	0.93	-	6,17,846	0.88
(f)	Overseas Depositories (holding Drs) (balancing figure)					
(g)	Any Other (specify)	18,96,044	2.85	-	18,96,044	2.71
	Sub-Total (B)(2)	**26,98,538**	**4.06**	-	**26,98,538**	**3.86**
(3)	**Central Government / State Government(s)**					
(a)	Central Government / President of India					
(b)	State Government / Governor					

Sr. No.	Category & Name of the Shareholders	Pre-preferential Issue Shareholding		Preferential Issue	Post-preferential Issue Shareholding	
		No. of equity shares held	% of shares	No of Shares	No. of equity shares held	% of shares
(c)	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter					
	Sub-Total (B)(3)	-			-	
(4)	**Non-institutions**					
(a)	Associate companies / Subsidiaries					
(b)	Directors and their relatives (excluding independent directors and nominee directors)	1,208	0.00	-	1,208	0.00
(c)	Key Managerial Personnel					
(d)	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)					
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'					
(f)	Investor Education and Protection Fund (IEPF)					
(g)	Resident Individuals holding nominal share capital up to Rs. 2 lakhs	1,79,65,741	27.05	-	1,79,65,741	25.71
(h)	Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	72,93,889	10.98	-	72,93,889	10.44
(i)	Non Resident Indians (NRIs)	7,45,222	1.12	-	7,45,222	1.07
(j)	Foreign Nationals	618	0.00	-	618	0.00
(k)	Foreign Companies					
(l)	Bodies Corporate	25,04,293	3.77	-	25,04,293	3.58
(m)	Any Other (specify)	13,43,322	2.02	-	13,43,322	1.92
	Sub-Total (B)(4)	**2,98,54,293**	**44.95**	-	**2,98,54,293**	**42.72**
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)+(B)(4)	**3,33,79,284**	**50.26**	-	**3,33,79,284**	**47.77**
	Details of the shareholders acting as persons in Concert for Public					
	Details of Shares which remain unclaimed for Public					
C	**Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder**					
(1)	Custodian/DR Holder - Name of DR Holders (If Available)	-	-	-	-	-
(2)	Employee Benefit Trust / Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	-	-	-	-	-
	Total Non Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)Total (A+B+C)	-	-	-	-	-
	Total (A+B+C)	**6,64,14,071**	**100**	**34,68,007**	**6,98,82,078**	**100**

8. **Proposal/Intention of Promoters, Directors or Key Managerial Personnel to subscribe to the Offer**

   KPEL, being a Promoter Group entity of the Company, has confirmed its intention to subscribe to the Proposed Preferential Issue of Equity Shares. Apart from KPEL, none of the other Promoters, Promoter Group entities, Directors or Key Managerial Personnel of the Company intend to subscribe to any Equity Shares pursuant to this preferential issue.

9. **Proposed time within which the Preferential Issue shall be completed**

   The Equity Shares shall be allotted within a period of 15 (fifteen) days from the date of passing of this resolution, provided that if any approval or permission of any regulatory authority/Stock Exchanges/the Central Government for allotment is pending, the period of 15 days shall be counted from the date of receipt of such approval or permission.

10. Principal terms of assets charged as securities

Not Applicable.

11. Undertaking

None of the Company, its Directors or Promoters have been declared as a wilful defaulter or a fraudulent borrower, as defined under the SEBI ICDR Regulations. None of its Directors is a fugitive economic offender, as defined under the SEBI ICDR Regulations.

12. Change in Control

There shall be no change in the management or control of the Company consequent to the issue of the Equity Shares pursuant to the Proposed Preferential Issue.

Unlike a preferential issue spread pro rata across the Promoter and Promoter Group, the Proposed Preferential Issue is directed entirely to a single Promoter Group entity, KPEL. On this basis, KPEL's individual shareholding is expected to rise from 11,46,315 Equity Shares (1.73%) to approximately 46,14,322 Equity Shares (6.60%), an increase of approximately 4.87% which would move KPEL from the 9th-largest to the 3rd-largest Promoter/Promoter Group shareholder of the Company (behind only Mr. Vijay Ravindra Kirloskar and Abhiman Trading Company Private Limited, and ahead of Vijayajyothi Investments and Agencies Private Limited), on the basis of the Promoter shareholding pattern as on 31 March 2026. This non-pro-rata reallocation within the Promoter Group does not, of itself, alter the conclusion on change in control set out above, but is recorded here for the Members' information. This increase (in excess of 2 percentage points) will also independently trigger a disclosure obligation on KPEL under Regulation 29(2)/(3) of the SAST Regulations, to be filed by KPEL within 2 (two) working days of allotment, in addition to the Company's own disclosure under Regulation 30 of the SEBI Listing Regulations.

As KPEL is a member of the Promoter and Promoter Group of the Company, the Proposed Preferential Issue has also been cross-checked against the creeping-acquisition threshold under Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“SAST Regulations”), which permits the promoters of a listed company to acquire, in aggregate, additional voting rights of up to 5 (five) percentage points in any financial year without triggering an open offer. Further the aggregate Promoter and Promoter Group shareholding is expected to increase from approximately 49.74% (3,30,34,787 Equity Shares) pre-issue to approximately 52.23% (3,65,02,794 Equity Shares) post-issue, an increase of approximately 2.49 percentage points within the 5-percentage-point headroom available under Regulation 3(2) of the SAST Regulations for FY 2026-27, and leaving post-issue public shareholding comfortably above the 25% minimum public shareholding floor under Rule 19A of the Securities Contracts (Regulation) Rules, 1957, subject to the Company independently confirming that no other acquisition of shares or voting rights by the Promoter/Promoter Group has occurred, or is proposed to occur, during FY 2026-27 that would utilise any part of this headroom.

13. Persons to whom allotment on Preferential Basis have already been made during the year

The Company /has not made any preferential allotment during the current financial year 2026-27 till the date of this Notice. The Company will, in any event, ensure that the number of persons to whom allotment on preferential basis is made during the financial year 2026-27 does not exceed the limit specified in the Act and the rules made thereunder.

14. Valuation and Justification for Allotment for consideration other than Cash

Not Applicable, as the Proposed Preferential Issue is not for consideration other than cash.

15. Listing

The Company will make an application to BSE Limited and National Stock Exchange of India Limited, on which the existing Equity Shares are presently listed, for listing of the Equity Shares to be allotted pursuant to the Proposed Preferential Issue. Such Equity Shares, once allotted, shall rank pari passu with the then-existing Equity Shares of the Company, including as to voting rights and dividend.

16. Certificate of Practicing Company Secretary

The Certificate from CS Ajit Kumar (Membership No. FCS 9320 & CP: 10990), certifying that the Proposed Preferential Issue is being made in accordance with the requirements of the SEBI ICDR Regulations, is hosted on the Company's website and is accessible at https://kirloskarelectric.com/investors/disclosure-under-regulation-462-/preferentialissue/pcscertificates.html

17. Other Disclosures

A. KPEL has confirmed that it has not sold or transferred any Equity Shares of the Company during the 90 (ninety) trading days preceding the Relevant Date.

B. The issue of Equity Shares pursuant to the Proposed Preferential Issue would be within the authorised share capital of the Company. As on 31 March 2026, the Company's authorised share capital comprised, inter alia, 15,32,70,000 Equity Shares of

₹10/- each, of which 6,64,14,071 Equity Shares of ₹10/- each were issued, subscribed and fully paid up; the Company shall ensure that its authorised share capital is sufficient, and shall be augmented if required, prior to allotment.

C. Given that the size of the Proposed Preferential Issue is less than ₹100 crores, the requirement to appoint a monitoring agency under the provisions of Chapter V of the SEBI ICDR Regulations is not applicable.

D. The Company is in compliance with the conditions for continuous listing and is eligible to make the Proposed Preferential Issue under Chapter V of the SEBI ICDR Regulations.

E. Related Party Transaction: As KPEL is a related party of the Company (being a Promoter Group entity) and is the sole proposed allottee under the Proposed Preferential Issue, the transaction constitutes a "related party transaction" within the meaning of Regulation 2(1)(zb) of the SEBI Listing Regulations, requiring the prior approval of the Company's Audit Committee under Regulation 23 thereof. If the value of the transaction meets or exceeds the materiality threshold prescribed under Regulation 23(1) of the SEBI Listing Regulations (being the lower of ₹1,000 crore or 10% of the Company's consolidated annual turnover, or such other threshold as may be in force on the date of the transaction), prior approval of the Members by way of an ordinary resolution will additionally be required, with KPEL and other related parties abstaining from voting on such resolution.

F. Encumbrance on KPEL's Existing Shareholding: As on 31 March 2026, 11,41,225 of KPEL's existing 11,46,315 Equity Shares (approximately 99.56%) stood pledged in favour of the lenders under the Company's Master Restructuring Agreement ("MRA"). The Equity Shares proposed to be allotted to KPEL pursuant to the Proposed Preferential Issue shall be unencumbered on allotment, and KPEL's overall pledge ratio (pledged shares as a percentage of its total post-issue holding) is consequently expected to reduce to approximately 25.79%.

G. KPEL's Own Regulatory Compliance: As KPEL is a body corporate, its subscription to the Equity Shares under the Proposed Preferential Issue is also independently subject to KPEL's compliance with Section 186 of the Companies Act, 2013, including approval of KPEL's own Board of Directors under Section 186(5) and, if the threshold under the proviso to Section 186(3) of the Act is exceeded (by reference to KPEL's own paid-up capital, free reserves and securities premium account), a special resolution of KPEL's own shareholders, together with KPEL's disclosure obligation under Regulation 29(2)/(3) of the SAST Regulations referred to at Item 12 above. This is a compliance work stream on KPEL's own side, independent of the Company's process set out in this Explanatory Statement, and is noted here for the Members' information.

18. Percentage of Post-Preferential Issue Capital that may be held by the Allottee and change in Control

At the floor price of ₹115.34 per Equity Share, KPEL shall hold approximately 6.60% (46,14,322 Equity Shares) of the post-Preferential Issue share capital, i.e., the total issued share capital of the Company (6,98,82,078 Equity Shares, including the Equity Shares being issued pursuant to this Proposed Preferential Issue and the existing Equity Shares issued by the Company); this shall be confirmed once the final issue price and number of Equity Shares to be allotted are determined by the Board. There will be no change in control of the Company consequent to the Proposed Preferential Issue.

19. Current and Proposed Status of the Allottee Post the Preferential Issue

The current status of KPEL is Promoter Group, and after the proposed allotment, its status shall continue to remain as a Promoter Group entity of the Company.

20. Lock-in

a) The Equity Shares to be allotted to KPEL, being a Promoter Group entity, on a preferential basis, as set out in the resolution, shall be locked-in as per the requirements of the SEBI ICDR Regulations, as amended from time to time.

b) The entire pre-preferential allotment shareholding of KPEL shall be locked-in from the Relevant Date up to a period of 90 trading days from the date of trading approval, as per the SEBI ICDR Regulations.

21. The Company undertakes that,

a) it would re-compute the price of the Equity Shares specified above in terms of the provisions of the SEBI ICDR Regulations, where it is required to do so; and

b) if the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the above-specified Equity Shares shall continue to be locked-in until such time as such amount is paid by KPEL.

In terms of the provisions of Section 42 and Section 62(1)© of the Companies Act, 2013, as amended, including the rules notified thereunder ("Act"), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, as amended, and other applicable provisions, if any (including any statutory modification(s) or re-enactment thereof, for the time being in force), Regulation 160(b) of the SEBI ICDR Regulations and Chapter V of the SEBI ICDR Regulations, the said issue of Equity Shares requires the prior approval of the Members of the Company by way of a Special Resolution.

The resolution and the terms stated therein and in this Explanatory Statement shall be subject to the guidelines/regulations issued/to be issued by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any other regulatory/statutory authority in that behalf, and the Board shall have the absolute authority to modify the terms contained herein or in the said resolution, if required by the aforesaid regulatory/statutory authorities or in case they do not conform with the SEBI ICDR Regulations, including any amendment, modification, variation or re-enactment thereof.

The approval of the Members is being sought to enable the Board to issue and allot the Equity Shares on a preferential/private placement basis, to the extent and in the manner set out in the resolution and this Explanatory Statement.

Except Mr. Vijay R. Kirloskar who in interested in KPEL, none of the other Directors and/or Key Managerial Personnel of the Company are deemed to be concerned or interested, financially or otherwise, in the said resolution, except to the extent of their shareholding in the Company, if any.

The documents referred to in the Notice, for which this shareholders' approval is being obtained, will be available electronically for inspection, without any fee, to the Members from the date of circulation of this Notice up to the date of the Annual General Meeting, i.e., 13th August, 2026. Members seeking to inspect such documents may send an email to investors@kirloskarelectric.com.

The Board of Directors believes that the Proposed Preferential Issue is in the best interest of the Company and its Members and, therefore, recommends the Special Resolution set out at Item No. 8 of the accompanying Notice for approval by the Members of the Company.

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Annexure-1

Information about directors seeking appointment / reappointment

Name of director	**Mr. Vijay R Kirloskar**
Age	75 years
Date of reappointment	14.07.2026
Relationship with other directors / KMP	Mr. Vijay R Kirloskar is spouse of Mrs. Meena Kirloskar, and father of Ms. Janaki Kirloskar and Ms. Rukmini Kirloskar. None of the other directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution at item no. 3.
Qualification & experience	Mr. Vijay Ravindra Kirloskar, aged 75 years, possesses a Master's degree in Management Science and Engineering from Worcester Polytechnic Institute, Worcester, MA, USA. His tenure with the Company commenced in 1978 as Manager-Production. He subsequently ascended to the position of President in 1982, and on August 17, 1985, he was appointed as the Company's Managing Director. From 1994 to 1998, he served as Chairman of the Kirloskar Group, a period during which the Group and the Company achieved substantial growth under his guidance. Furthermore, Mr. Kirloskar has held several significant positions within the industry, including Vice President of the Confederation of Indian Industry (CII) in 1998. Mr. Kirloskar's extensive educational background and professional experience render him exceptionally well-suited for his current office. He bears responsibility for the overall management of the Company. Furthermore, his broad network and established relationships within the industry significantly contribute to the Company's strategic advantage, facilitating the acquisition of new customers, securing substantial order bookings, forging valuable new contacts, and establishing key technology agreements.

Directorship in other listed companies	NIL
Shareholding in the Company	1,20,43,288 Equity shares
Chairperson of committees	NIL
Member of committees	Stakeholders' Relationship Committee

Name of director	**Ms. Janaki Kirloskar**
Age	45 years
Date of Appointment	26/05/2026
Relationship with other directors / KMP	Ms. Janaki Kirloskar being the appointee is daughter of Mr. Vijay Ravindra Kirloskar & Mrs. Meena Kirloskar. She is sister of Ms. Rukmini Kirloskar. None of other directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution set forth under item no. 4 & 5 of the accompanying notice.
Qualification & experience	Ms. Janaki Kirloskar aged 45 years, is daughter of Mr. Vijay R Kirloskar & Mrs. Meena Kirloskar and also sister of Ms. Rukmini Kirloskar. Ms. Janaki Kirloskar holds a Bachelor's degree in Industrial Engineering (Honours) from Worcester Polytechnic Institute, USA (Class of 2003). Following graduation, she joined Kirloskar Electric Company Limited in 2004, where she worked until 2016, gaining hands-on exposure across manufacturing operations, business processes, and organizational functions within the Group. During this period, she developed a deep understanding of industrial businesses and promoter-led enterprise operations. In 2016, she transitioned into entrepreneurship and founded Kika Tableware, a premium crockery brand. She was responsible for building the business end-to-end, including product development, brand positioning, vendor management, and distribution, and led the venture until 2025. Between 2022 and 2025, she was associated with Ravindu Motors, where she was involved in operational and strategic initiatives, including supporting the merger and acquisition process that culminated in the sale of the business. Her experience spans manufacturing, entrepreneurship, and strategic transition.
Directorship in other listed companies	NIL
Shareholding in the Company	NIL
Chairperson of committees	NIL
Member of committees	NIL

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Board's report

Dear Shareholders,

The Board of Directors ('the Board') is pleased to present the 79th Annual Report of **Kirloskar Electric Company Limited** together with the audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2026. This report covers the Company's financial and operational performance, significant developments during the year, corporate governance practices, and other disclosures as required under the Companies Act, 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

Review of performance and state of Company's affairs:

During the year under report, your Company achieved a total turnover of ₹ 58,934/-Lakhs (previous year ₹ 54,382/- Lakhs). The operations have resulted in profit of ₹ 663/- Lakhs (previous year profit was ₹ 3,583/- Lakhs) i.e., total comprehensive income for the period.

The financial summary and highlights are as follows:

(₹ in Lakhs)

PARTICULARS	Standalone		Consolidated	
	2025-26	**2024-25**	**2025-26**	**2024-25**
Revenue from operations	**58,934**	54,382	**58,934**	54,382
Other income (Net)	**1,106**	698	**1,106**	775
Total Revenue	**60,040**	55,080	**60,040**	55,157
Total Expense	**58,356**	55,334	**58,363**	55,754
Profit before Exceptional items	**1,684**	(254)	**1,677**	(597)
Exceptional Items	**(808)**	995	**(808)**	995
Profit / (Loss) before tax	**876**	741	**869**	398
Tax Expense	**30**	25	**30**	25
Profit / (Loss) after tax	**846**	716	**839**	373
Total other comprehensive income	**(183)**	2,867	**(183)**	2,867
Total comprehensive income for the period	**663**	3,583	**656**	3,240

Note: *The above figures are extracted from the audited standalone and consolidated financial statements as per Indian Accounting Standards (Ind AS).*

Change in the nature of business:

There was no change in nature of the business of the Company during the financial year ended on March 31, 2026.

Dividend:

In view of the accumulated losses, the Board of directors of your Company has not recommended any dividend for the year under review.

Transfer to reserves:

In view of the accumulated losses, the Board of directors of your Company has not transferred any amount to the reserves for the year under review.

Transfer to Investor Education and Protection Fund:

During the year under review, no unclaimed / unpaid dividend and the corresponding shares were transferred to Investor Education and Protection Fund ("IEPF").

The details of Nodal Officer of the Company, in line with the provisions of IEPF Regulations are available on the website of the Company at https://kirloskarelectric.com/investors/investors-information/investor-contacts.html.

Share Capital:

As on March 31, 2026, the paid up share capital of your Company stood at ₹ 66,41,40,710/- divided into 6,64,14,071 equity shares of ₹ 10/- each.

Disclosure under section 43(a)(ii) of the Companies Act, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 54(1)(d) of the Companies Act, 2013:

The Company has not issued any sweat equity shares during the financial year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 55(2) & 77 of the Companies Act, 2013:

The Company has not redeemed any shares / debentures during the financial year under review and hence no information as per provisions of Section 55(2) & 77 of the Act read with the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 62(1)(b) of the Companies Act, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme ('ESOS') during the financial year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 67(3) of the Companies Act, 2013:

During the financial year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 and hence no information has been furnished.

Fixed deposits:

Sl.No.	Particulars	(₹in Lakhs)
1.	Accepted / renewed during the year	Nil
2.	Remained unpaid or unclaimed at the end of the year.	Nil
3.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:- • At the beginning of the year • Maximum during the year • At the end of the year	N/A
4.	Details of deposits which are not in compliance with the requirements of Chapter V of the Act;	Nil

Credit Ratings:

Information regarding credit ratings obtained by the Company for the year under review has been given under the Corporate Governance Report which forms part of this Annual Report.

Subsidiaries, associate companies & joint ventures:

Pursuant to the Scheme of Merger by Absorption (Amalgamation) sanctioned by the Hon'ble National Company Law Tribunal, Bengaluru Bench, vide its Order dated April 30, 2026, KELBUZZ Trading Private Limited, Luxquisite Parkland Private Limited, SLPKG Estate Holdings Private Limited and SKG Terra Promenade Private Limited, being wholly owned subsidiaries of the Company, were amalgamated with Kirloskar Electric Company Limited. The Scheme became effective in accordance with its terms, with the Appointed Date being April 1, 2024.

Consequent to the aforesaid Merger by absorption, the above transferor companies ceased to be wholly owned subsidiaries of the Company. Further, Kirsons BV, Netherlands, which was a subsidiary of Luxquisite Parkland Private Limited prior to the merger by absorption, became a direct subsidiary of the Company with effect from the Effective Date of the Scheme. The Company has now one subsidiary, one associate company & one joint venture Company.

The consolidated financial statements of the Company and its subsidiary are prepared in accordance with the applicable accounting standards, issued by the Institute of Chartered Accountants of India, and forms part of this Annual Report.

Neither the Executive Chairman and nor the whole-time directors of the Company receive any remuneration or commission from any of its subsidiary or associate Company.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the reports on the performance and financial position of the subsidiary and associate companies have been provided in **Form AOC-1** appended to this report.

Directors and Key Managerial Personnel:

Your Company has a well-diversified Board comprising of directors having skills, competencies and expertise in various areas to ensure effective corporate governance of the Company.

As on March 31, 2026, the Board comprised of nine (09) directors, out of which five (05) were Non-Executive Independent Directors, two (02) Non Executive Non Independent Woman Directors and two (02) Executive Directors. The Company is in compliance with the regulation 17 of the SEBI Listing Regulations.

In accordance with the provisions of section 152 of the Companies Act, 2013 and Articles of Association of the Company, Ms. Rukmini Kirloskar (DIN: 00309266), a Non Executive Non Independent Director being longest in the office, shall retire by rotation and being eligible, has offered herself for re-appointment. The resolution seeking members' approval for her re-appointment forms part of the AGM Notice.

During the year under review, Mr. Anand B Hunnur (DIN: 06650798) was re-appointed as the Managing Director of the Company for a period of three (03) years with effect from July 12, 2025. The members of the Company has approved the reappointment of Mr. Anand B Hunnur by way passing special resolution at the 78th Annual General Meeting held on September 16, 2025

Dr. Ashok Misra (DIN: 00006051), Independent Director of the Company has completed his second term, comprising five consecutive years, and has retired from his directorships effective from the close of business hours on November 4, 2025.

Mr. Sanjeev Kumar Shivappa (DIN: 08673340), Whole-time Director of the Company, has retired from the position of whole-time director on February 13, 2026 and accordingly ceased to be a Director of the Company with effect from that date.

Ms. Janaki Kirloskar was appointed as a Chief Executive Officer (CEO) also designated as Key Managerial Personnel (KMP) of the Company, with effect from February 11, 2026. The members of the Company have accorded their approval by way of postal ballot on April 06, 2026 for the appointment of Ms. Janaki Kirloskar for office or place of profit.

Mr. Sanjeev Kumar S, Chief Financial Officer of the Company, was relieved of his duties with effect from the close of business hours on March 06, 2026 and accordingly ceased to be a of the Chief Financial Officer Company with effect from that date.

Ms. Janaki Kirloskar (DIN: 00309238) was appointed as an Additional Director on the Board of Directors of the Company with effect from May 26, 2026 who shall hold the position upto the date of the AGM. The resolution seeking members' approval for her appointment forms part of the AGM Notice.

Subsequent to appointment of Ms. Janaki Kirloskar as a Chief Executive Officer (CEO) of the Company, the Board based on the recommendations of NRC & subject to approval of members, proposed to promote Ms. Janaki Kirloskar as Joint Managing Director of the Company with effect from May 26, 2026. Ms. Janaki Kirloskar ceases to hold the position of Chief Executive Officer (CEO) of the Company. The resolution seeking members' approval for her appointment as Joint Managing Director forms part of the AGM Notice.

Mr. Dillip Kumar Pani was appointed as Chief Financial Officer (CFO) with effect from May 26, 2026 by the Board of Directors and also was designated as Key Managerial Personnel (KMP) of the Company.

During the year under review, the Non-Executive Directors (NEDs) of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them, if applicable, for the purpose of attending Board/ Committee meetings of the Company.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2026 were Mr. Vijay R Kirloskar, Executive Director, Mr. Anand B Hunnur, Managing Director, Ms. Janaki Kirloskar, Chief Executive Officer (*upto May 26, 2026*) and Mr. Mahabaleshwar Bhat, Vice President – Corporate Affairs & Company Secretary.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors pursuant to the provisions of Section 149(7) of the Companies Act, 2013, confirming that they meet the criteria of independence prescribed under Section 149(6) of the Act read with the Rules made thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations.

The Independent Directors have also confirmed compliance with the provisions of Regulation 25(8) of the SEBI Listing Regulations by affirming that they are not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Based on the declarations and confirmations received from the Independent Directors and after undertaking an assessment of the veracity of the same, the Board is of the opinion that all the Independent Directors fulfill the conditions specified under the Act and the SEBI Listing Regulations and are independent of the management.

The Independent Directors have complied with the Code for Independent Directors prescribed under Schedule IV to the Act and the Company's Code of Conduct applicable to the Directors and Senior Management Personnel.

In the opinion of the Board, the Independent Directors possess the requisite integrity, expertise, experience (including proficiency, wherever applicable) and fulfill the conditions for appointment as Independent Directors under the applicable provisions of the Act and the SEBI Listing Regulations.

Evaluation of Directors, Committees and the Board:

The evaluation process has been explained in the Corporate Governance Report which forms part of the annual report.

Number of meetings of the Board of Directors and its Committees:

The Board of directors met eight (08) times during the financial year 2025-26 under review through Video Conference mode / other audio visual means mode & physical mode.

The maximum interval between any two meetings was within the maximum allowed gap pursuant to the Act and SEBI Listing Regulations read with the Circulars issued by MCA , SEBI & Secretarial Standard (SS).

The Board meetings were held on April 28 2025, May 28 2025, July 10 2025, August 12 2025, September 16 2025, November 11 2025, February 11 2026 and March 26 2026.

The composition and the details of the meetings of the Board and its Committee held during the year are contained in the Corporate Governance Report which forms part of the annual report.

Nomination and Remuneration Policy:

The Nomination and Remuneration Committee is responsible for recommending to the Board, a policy relating to the appointment and remuneration of the Directors, Key Managerial Personnel and other employees. The Nomination and Remuneration Policy is available on the website of the Company at https://kirloskarelectric.com/investors/investors-information/policies.html.

Features of Nomination and Remuneration Policy:

- The policy has been framed in line with the Company's philosophy to ensure equitable remuneration to all the directors, key managerial personnel (KMP) and employees of the Company.
- The policy lays down the criteria, terms and conditions including qualifications and positive attributes for identifying persons who are qualified to become directors (executive and non-executive / Independent) and persons who may be appointed in senior management and key managerial positions of the company.
- The policy determines the remuneration of Directors, Key Managerial Personnel and other employees based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
- This Policy is divided in three parts:

  Part – A: covers matters to be dealt by the committee.

  Part – B: covers appointments and nominations.

  Part – C: covers remuneration and perquisites etc.

Risk Management Policy:

Your Company has devised and implemented a comprehensive 'Risk Management Policy' which provides for identification, assessment and control of risks that the company would face in the normal course of business and mitigation measures associated with them. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The Risk management policy has been appended to this report as **Annexure-I.**

Conservation of energy, technology absorption, Research & development and foreign exchange earnings and outgo:

The relevant data pertaining to conservation of energy, technology absorption and other details are given in the **Annexure - II**, which forms part of this report.

Management Discussion and Analysis Report:

The Management Discussion and Analysis Report ("MDAR") for the year under review, as prescribed under Part B of Schedule V read with Regulation 34 of the SEBI Listing Regulations is appended hereto as **Annexure – III** and forms part of this report.

Managerial remuneration:

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is disclosed in the **Annexure - IV.**

Particulars of employees:

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing disclosures pertaining to remuneration and also the names and other particulars of the employees drawing remuneration in excess of limits set out in the said rules are provided in a separate Annexure to the Board's Report which forms part of the annual report. The report and the accounts are being sent to the Members excluding the aforesaid annexure and in terms of Section 136 of the Companies Act 2013, the said annexure is open for inspection. Any Member interested in obtaining a copy of the same may write to the Company Secretary at investors@kirloskarelectric.com

Annual Return:

According to the provisions of Section 134(3)(a), a copy of annual return i.e., Form MGT-7 for the year ended March 31, 2025 has been placed on the Company's website: https://kirloskarelectric.com/investors/investors-information/financial.html.

Director's Responsibility Statement:

We, the Directors of your Company, confirm, to the best of our knowledge and ability that:-

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

(b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

(c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) we have prepared the annual accounts on a going concern basis;

(e) we have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

(f) we have devised proper systems to ensure compliance with the provisions of all applicable laws to the Company and that such systems were adequate and operating effectively.

Particulars of loans, guarantee, investments and securities:

There were no loans and advances, guarantees, investments made or security given to any Body Corporate by the Company during the financial year 2025-26.

Particulars of loans, advances, investments as required under the listing regulations:

The details of related party disclosures with respect to loans, advances, investment at the year end and maximum outstanding amount thereof during the year as required (under part A of Schedule V of the Listing Regulations) have been provided in the notes to the financial statements of Company.

Your directors draw attention of the members to note no. 14, 17 & 36(9) of the standalone financial statements which sets out the details of loan and advance, guarantee or investment.

Particulars of contracts or arrangements with related parties:

All contracts/ arrangements/ transactions entered by the Company during the FY 2025-26 with related parties were on an arm's length basis and in the ordinary course of business and approved by the Audit Committee. Certain transactions, which were repetitive in nature, were approved through omnibus route.

There were no material transactions of the Company with any of its related parties as per the Act. Therefore the disclosure of the Related Party Transactions as required under Section 134(3)(h) of the Act in AOC-2 is not applicable to the Company for FY 2025-26 and hence, the same is not required to be provided.

During the FY 2025-26, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees and reimbursement of expenses, as applicable. The Policy on Related Party Transaction is available on the Company's website:https://www.kirloskarelectric.com/images/pdf/investor/policies/Policy-on-related-party-transactions.pdf

Your Directors draw attention of the members to note no. 36(9) to the standalone financials statement which sets out the related party disclosures.

Corporate Social Responsibility:

The brief outline of the Corporate Social Responsibility ('CSR') Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year in the format prescribed in the Companies ('CSR Policy') Rules, 2014 are set out in **Annexure - V** of this Report. The CSR committee has been duly constituted and also CSR policy has been framed. The policy can be accessed at the following URL: https://www.kirloskarelectric.com/investors/investors-information/policies.html

A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company:

The CSR Committee hereby confirms that the implementation and monitoring of CSR policy has been carried out with all reasonable care and diligence and the same is in compliance with the CSR objectives and the policy of the Company.

Material Changes affecting the Company:

There have been no material changes and commitments affecting the financial positions of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

Significant and Material orders passed by the Regulators or Courts:

The disclosure on the order passed by the Honorable NCLT, Bengaluru Bench has been disclosed under Merger & Acquisition (M&N) Section. Apart from this there were no significant and material orders passed against the Company by the regulators or courts or tribunals during financial year 2025-26 impacting the going concern status and Company's operations in future.

Vigil mechanism for Directors and Employees:

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal procedural course to the directors and employees to report their concerns about any poor or unacceptable practices or any event of misconduct or violation of Company's code of conduct. The purpose of this policy is to provide a framework to secure whistle blowing incidents and to protect the employees who are willing to raise concerns about serious irregularities within the Company. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of Vigil

Mechanism is available on the Company's website at https://kirloskarelectric.com/investors/investors-information/policies.html

Statutory auditor:

Pursuant to the provisions of section 139 and other applicable sections of the Act, read with Companies (Audit and Auditors) Rules, 2014, as amended, the Company at its 77th AGM has re-appointed M/s. Prabhashankar & Co., Chartered Accountants (Firm Registration No: 004982S) as the Statutory Auditors for a period of 3 years till the Conclusion of 80th Annual General Meeting.

Auditors' Report:

The standalone and the consolidated financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act.

The Auditors' Report is enclosed with the financial statements in this Report. The Statutory Auditors were present in the last AGM.

Branch auditor:

M/s. BMS Auditing, Chartered Accountants, UAE were reappointed as the auditors for conducting audit of sales office at Ajman, UAE. Based on the recommendation of the Audit Committee, the Board of Directors of the Company has proposed to appoint, M/s. BMS Auditing, Chartered Accountants, as auditors for conducting audit of sales office at Ajman, UAE and to hold the office from the conclusion of 79th Annual General Meeting until the conclusion of 80th Annual General Meeting of the Company subject to the approval of the members of the Company.

Internal auditor:

The Company had appointed M/s. T. Sriram, Mehta & Tadimalla, Chartered Accountants (FRN: 004064S), Bengaluru as its internal auditors for the year 2025-26.

Cost auditor:

M/s. Rao, Murthy and Associates, Cost Accountants (Firm Registration no. 000065), were appointed as cost auditors of the Company for the financial year ended March 31, 2026. The Board of Directors of your Company has fixed ₹450,000/- (Rupees Four Lakhs Fifty Thousand only) as audit fees, which requires ratification by the members of the Company in terms of the applicable provisions of the Act. Accordingly, a resolution seeking members' approval has been set forth in the notice of the 79th Annual General Meeting of the Company.

Disclosure under section 148(1) of the Act:

During the period under review, the Company has conducted the audit of cost records and maintained the cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

Secretarial auditor:

M/s. S. P. Ghali & Co., Company Secretary, Belgaum (Membership no. FCS no. 7037 & COP no. 7537) as the Secretarial Auditors of the Company for a period of five (5) consecutive years, commencing on from financial year 2025-26 till financial year 2029-30, to conduct Secretarial Audit of the Company and to furnish the Secretarial Audit Report. The audit report is enclosed as **Form MR - 3.**

Explanations or comments on auditors' qualifications / adverse remarks / emphasis on matters:

There are no auditor’s Qualification / adverse remarks / Emphasis on matters.

Secretarial Standards:

During the financial year 2025-26, the Company has complied with provisions of applicable Secretarial standards issued by the Institute of Company Secretaries of India.

Instances of fraud : reported by auditors :

During the year, under section 143(12) of the Companies Act 2013, neither the Internal Auditors, Statutory Auditors or Secretarial Auditors have reported to the Audit Committee or the Board of the Company any material fraud by its officers or employees therefore no details are required to be disclosed under Section 134(3)(ca) of the Act.

Details in respect of adequacy of internal financial controls with reference to the financial statement:

The Company has a robust system of internal financial control, which is in operation. The internal financial controls have been documented, digitized and embedded in the day to day affairs of the business process of the Company. The effectiveness of the internal financial controls are obtained through management reviews at regular intervals, assessments, monitoring by the functional experts as well as auditing of the internal control systems by the internal auditors during the course of their audits. We believe that these systems provide better assurance that our internal financial control systems are well designed and are operating effectively.

Corporate Governance:

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by the Securities and Exchange Board of India (“SEBI”).

Your Company's corporate governance report for the financial year 2025-26 is appended to this annual report. A certificate on the status of compliance on corporate governance is also appended and forms part of this annual report.

Prevention of Sexual Harassment at Workplace:

Your Company has zero tolerance policy in case of sexual harassment at workplace and committed to provide a healthy environment to each and every employee of the Company. Your Company has in place 'Policy on Sexual Harassment Redressal' and all employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act') and in terms of section 22 of the POSH Act read with Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Rules, 2013, we report as follows for the year ended on March 31, 2026:

Sl. No	Particulars	Status
1	No of complaints received in the year	Nil
2	No of complaints disposed off in the year	Nil
3	Cases pending for more than 90 days	Nil
4	No of workshops and awareness programme(s) conducted in the year	02
5	Nature of action by employer or District office, if any	Nil

Statement on compliance with Maternity Benefit Act, 1961

As per the provisions of Companies (Accounts) Second Amendment Rules, 2025, it is hereby confirmed that the Company has complied with all the applicable provisions of Maternity Benefit Act, 1961.

Merger and Acquisitions (M&A):

The merger by absorption (Amalgamation) of four wholly-owned subsidiary companies, KELBUZZ Trading Private Limited (KTPL), Luxquisite Parkland Private Limited (LPPL), SLPKG Estate Holdings Private Limited (SEHPL), and SKG Terra Promenade Private Limited (STPPL) with the holding company, Kirloskar Electric Company Limited (KECL), was filed before the National Company Law Tribunal (NCLT), Bengaluru Bench, on October 31, 2024. The Scheme of Merger is sanctioned by the Hon'ble National Company Law Tribunal Bengaluru Bench, Bengaluru ("NCLT Bengaluru") through its order dated April 30, 2026. The appointed date for this amalgamation is April 1, 2024. All directions issued by the NCLT have been adhered to by the Company and relevant filings and disclosures made periodically.

Participation and voting at 79th AGM:

Pursuant to the General Circular No. 03/2025 dated September 22, 2025, issued by the Ministry of Corporate Affairs ("MCA") in continuation of its previous circulars (including General Circular No. 20/2020 dated May 5, 2020, and General Circular No. 09/2024 dated September 19, 2024), and in compliance with the provisions of the Act and Regulation 44 of the SEBI Listing Regulations, Companies are permitted to conduct their Annual General Meeting (AGM) through Video Conferencing (VC) / other audio visual means (OAVM), till further orders. The 79th AGM of the Company will be held VC/OAVM. Electronic copy of the Annual Report for the year ended March 31, 2026 and Notice of the AGM are being sent to all the members electronically whose email IDs are registered with the Company / Depository Participants(s) for communication purposes and a letter providing the web-link, where complete details of the Annual Report is available to those members who have not so registered.

A copy of the notice of the AGM and annual report are also available for download from the website of the Company at www.kirloskarelectric.com.

Disclosure with respect to compliance to SEBI Listing Regulations, as amended from time to time:

The details with respect to Compliance with the SEBI Listing Regulations during the year are contained in the Corporate Governance Report which forms part of the annual report.

Corporate Insolvency Resolution Process (CIRP):

There were no proceedings either filed by the Company or against the Company, pending under the Insolvency and Bankruptcy Code, 2016, before the National Company Law Tribunal or any other court.

Other disclosures and affirmations

There was no instance of one-time settlement with any bank or financial institution during the reporting period.

Intentionally left blank

Acknowledgements:

The Board of Directors take the opportunity to express their sincere appreciation for the continued support and confidence received from the Company's bankers, customers, suppliers, depositors and the shareholders.

The Company considers its employees as its most valuable asset. Employees at all levels have put in their best to the services of the Company and the Board puts on record the sincere appreciation of their dedication and loyalty.

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Annexure – I

RISK MANAGEMENT POLICY

Risk management is the process of indentifying, measuring and minimizing uncertain events affecting resources. Enterprise risk management is about optimizing the process with which risks are taken and managed. The Company needs to assess which method best suits its objectives and its business. Risk management oversees and ensures the integrity of the process with which risks are taken. An attempt has been made by way of this document to identify the risk associated with the Company and the policies required to be adopted to mitigate the same.

Risk Management

i) The Board, its Audit Committee and its executive management should collectively identify the risks impacting the Company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy.

ii) The Board should also affirm and disclose in its report to members that it has put in place critical risk management framework across the Company, which is overseen once every six months by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the Company.

It has therefore become mandatory for the listed companies to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimize their adverse impact on the organization.

KECL recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner.

The Company believes that the Risk cannot be eliminated. However, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Reduced, by having good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

The Risk Management policy of the Company shall primarily focus on identifying, assessing and managing risks in the following areas:

1. Company assets and property;
2. Employees;
3. Foreign Currency Risks;
4. Operational Risks;
5. Non-compliance of statutory enactments;
6. Competition risks;
7. Contractual risks;

1. Policy for managing risks associated with Company assets and property

The policy deals with nature of risk involved in relation to assets and property, objectives of risk management and measures to manage risk. The risk management policy relating to assets aims at ensuring proper security and maintenance of assets and adequate coverage of insurance to facilitate speedy replacement of assets with minimal disruption to operations. The role and responsibilities of the departments shall be identified to ensure adequate physical security and maintenance of its assets.

2. Policy for managing risk relating to employees

The employees constitute the most important asset of the Company. The risk management policy relating to employees is therefore necessary to cover all risks related to employees and their acts/omissions.

The policy deals with the nature of risk involved in relation to employees, objectives of risk management and measures to manage risk. In particular, the objectives of employee related risk management policy aims at reducing attrition rate, providing adequate security to employees in relation to life, disability, accident and sickness, providing adequate legal safeguards to protect confidential information, and protecting the Company from any contractual liability due to misconduct/errors/omissions of employees.

3. Policy for managing foreign currency risk

The revenues of the Company are from both domestic and international sources. The Company at times may resorts to long-term and short-term borrowings in foreign currency to finance expansion plans and growth. Any such move would attract the risk associated with frequent changes in valuation of foreign currencies.

The objective of foreign currency risk management is to protect cash flows and profit margins from volatility on account of fluctuations in exchange rates. The Policy for foreign currency risk management ensures that the treasury department continuously tracks movement of foreign currencies, avails services of experts and hedges the risk through appropriate mechanism such as forwarding contracts/options.

4. Operational risks

The Company is constantly working to limit the operational risk that run through all the facets of operations. This requires the combined efforts and support from all units including branches. The startup database of loss events is populated from internal audit reports. Apparent trends are analyzed and various operating groups combine into task forces to address these. The business continuity plan is reviewed quarterly by each unit.

5. Risks associated with non-compliance of statutory enactments

The Company being a legal entity engaged in manufacturing activity and listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). In view of the same, the Company is required to ensure compliance of provisions of various applicable statutory enactments, failure to comply one or more such provisions may render strict penalties as may be prescribed under such statutory enactments.

The Company shall ensure that qualified professionals are employed to comply with various laws. In addition to statutory audits, the Company shall promote undertaking of internal audit/s at different levels periodically to ensure timely check on statutory compliances.

6. Competition risks

Risk of competition is inherent to all business activities. The Company faces competition from the existing players in the domestic and international levels operating in the segment in which the Company operates. There is always an inherent risk that the existing competition may further get acute with the advent of new players and foreign players.

The Company needs to continuously upgrade its technology by conducting in-house research activities and should also have an updated knowledge about the requirement as per the industry standards. The Company is providing tailor made products to its customers so as to be ahead with other competitors. Further, the Company's strategy shall be to leverage its investments in its own high-profile brands, thereby leading to consolidation and value creation.

7. Contractual risks

There may be instances of defaults by customer/s in fulfilling contractual obligations as a result of which the Company may face financial losses. Similarly, defaults by the Company in fulfilling one or more contractual obligations due to reasons such as misrepresentations, breach of warranties etc cannot be ruled out.

The Company shall ensure that proper drafting of the contract and adequate indemnity clauses are incorporated in the contracts entered into with one or more parties. In addition, internal controls from technical team and strict supervisions and checks on execution of contracts and delivery be undertaken.

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Annexure – II

DISCLOSURE OF PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. Conservation of Energy:

a) Steps taken for conservation of energy:

The Company is continually exploring new ways to make its operations more efficient by putting technology to use for direct energy savings and increasing renewable energy sources.

The Company conserves energy by:-

1. Improving system power factor.
2. Reduction of maximum demand and restricting the maximum demand to billing demand.
3. Monitoring of energy consumption and further requisite follow-up.
4. Optimum utilization of high energy consuming electrical equipments like winding machines.
5. Air-compressor pressure is maintained at reduced pressure with fixed timing and air leakages arrested.
6. Installation of capacitor panels.

b) Steps taken to utilize alternate source of energy:

1. Implementation of induction brazing processes.
2. Optimization of varnish impregnation process
3. Installation of system to ensure uniform temperature.
4. Energy conservation audit through external audit agency.

c) Capital investment on energy conservation equipment: NIL

B. Technology Absorption:

a) the efforts made towards technology absorption:-

1. Efforts made, in brief, for technology absorption, adaptation and innovation.
   - In-house training of personnel.
   - Indigenization of materials, components and processes.
2. Future plan of action
   - Upgradation of existing technology
   - Development of new processes
3. Research and development is undertaken for the range of all the existing products, lowering costs and process improvements, indigenization or alternate sourcing of materials and development of energy efficient products.

b) Benefits derived from above:-

1. Benefits derived as a result of the above efforts
   - Enhanced product range
   - Quality improvement
   - Development of new products
2. Process improvement resulting in higher production.
3. Development of in-house skills for manufacture of high precision products.
4. Enhanced design and product capability to achieve customer satisfaction.
5. Product range extension to reach newer markets.
6. Special motors for vehicle application developed.
7. To enhance product performance and for better customer satisfaction, your Company will continue in:-
   - Upgrading existing technology.
   - Extending range of its products.
   - Developing new processes.
   - Applying research and value engineering.

c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) Detail of Technology Imported – Nil

(b) The year of import – NA

(c) Has the technology been fully absorbed - NA

(d) If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action – NA

d) Expenditure on R & D:

	(₹ in Lakhs)
Capital	Nil
Recurring	15.00
Total	15.00
Total R & D Expenditure	**15.00**
as a % of total turnover	0.03%

C. Foreign Exchange Earnings and Outgo:

1. Activities relating to export:
   The Company has continued to maintain focus and avail export opportunities based on economic considerations. During the year, the Company has exports (FOB Value) worth ₹ 2,500.06 /- Lakhs.

2. Total foreign exchange used and earned.

a) Foreign Exchange earned:

		(₹ in Lakhs)
(i)	FOB value of goods exported (net) of sales	2,500.06 /-
(ii)	Dividend on shares (net of tax)	0.00
(iii)	Repatriation of Profit	0.00
(iv)	Others	0.00

b) Foreign Exchange Used

Value of imports calculated on the CIF basis.	(₹ in Lakhs)
(i) Raw materials & Components and spare parts	26.10 /-
(ii) Capital Goods	0.00

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Annexure - III

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Kirloskar Electric Company Limited ("the Company" or "KECL") is pleased to present the Management Discussion and Analysis ('MD&A') Report for the financial year ended 31 March 2026. The report provides an overview of the macroeconomic environment, industry developments, operational and financial performance, opportunities, risks and the outlook for the Company. This report should be read in conjunction with the Company's Audited Financial Statements, the Directors' Report and Notes to Accounts.

The statements contained in this MD&A describing the Company's objectives, expectations, estimates, projections and outlook may constitute forward-looking statements within the meaning of applicable laws and regulations. These statements are based on management's current assumptions and expectations regarding future events and are subject to inherent risks and uncertainties. Actual results may differ materially from those expressed or implied owing to various factors including changes in macroeconomic conditions, government policies, fluctuations in commodity prices, exchange rate volatility, interest rate movements, geopolitical developments, supply chain disruptions, technological changes, competitive intensity, customer demand, regulatory changes and other factors beyond the Company's control.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable laws.

Global Economy Outlook

During FY 2025-26, the global economy demonstrated tenuous resilience, navigating a complex landscape shaped by shifting trade alignments, persistent geopolitical conflicts, and an accelerating artificial intelligence (AI) investment cycle. According to the International Monetary Fund's (IMF) World Economic Outlook (April 2026), global growth is projected to moderate to 3.1% in 2026 and 3.2% in 2027, remaining below the pre-pandemic historical average. The period was characterised by a distinct divergence in economic momentum between advanced economies and emerging markets, with the latter continuing to anchor global output.

In stark contrast to the sluggish momentum observed in many advanced economies, the Indian economy demonstrated exceptional resilience and growth during the fiscal year 2025-26. According to the Provisional Estimates released by the National Statistical Office, India's real gross domestic product grew by a robust 7.7% in the fiscal year 2025-26, accelerating from the 7.1 percent recorded in the previous fiscal year. This exceptional performance firmly cements India's position as the fastest-growing major economy globally. This growth is being systematically driven by a sustained government push for capital expenditure, a resilient real estate cycle, robust domestic consumption, and strong macroeconomic fundamentals.

Indian Economic Overview

India continued to maintain its position as one of the fastest growing major economies in the world during FY 2025-26, supported by prudent fiscal management, resilient domestic consumption, robust public capital expenditure and sustained policy reforms.

India's manufacturing sector demonstrated encouraging growth driven by increasing capacity utilisation, private capital expenditure, expansion in exports across select engineering products and growing investments in high-value manufacturing sectors. Corporate balance sheets remained healthy while the banking sector continued to witness improvement in asset quality and credit growth. The country's power demand continued to witness healthy growth supported by increasing industrial activity, urbanisation, digital infrastructure, electric mobility and expanding commercial establishments.

While inflation remained within manageable levels for most part of the year, businesses continued to face challenges arising from fluctuations in commodity prices, imported input costs, logistics expenses and exchange rate volatility. Nevertheless, India's strong domestic market, favourable demographics, policy continuity and infrastructure-led growth continue to provide a robust foundation for long-term industrial expansion.

Industry outlook

The outlook for the Indian electrical equipment industry remains positive, supported by sustained investments in infrastructure, expansion of the power sector, increasing adoption of renewable energy and continued emphasis on domestic manufacturing.

India's transition towards a cleaner energy mix, coupled with increasing investments in transmission infrastructure, railway electrification, metro rail projects, data centres and industrial automation, is expected to create new opportunities for the electrical equipment sector. In addition, the growing focus on energy efficiency, digitalisation and smart manufacturing is accelerating the replacement of conventional equipment with technologically advanced and energy-efficient solutions. While the industry continues to face challenges arising from commodity price fluctuations, supply chain disruptions, competitive pricing pressures and geopolitical uncertainties, the long-term growth fundamentals remain favourable.

Industry Structure and Developments

The Indian electrical equipment industry remained resilient during FY 2025-26, supported by sustained investments in infrastructure, expansion of manufacturing capacity, rapid urbanisation, renewable energy projects, railways, data centres and transmission & distribution networks. Government initiatives such as Make in India, Atmanirbhar Bharat, the National Infrastructure Pipeline, Production Linked Incentive (PLI) Schemes and increased capital expenditure sustained demand for electrical equipment across various sectors.

The demand for rotating machines, transformers, switchgear and power electronics remained healthy, driven by industrial expansion, renewable energy integration, metro rail projects, commercial construction and modernisation of power infrastructure. However, volatility in commodity prices, global geopolitical developments, supply chain disruptions and pricing pressures continued to pose challenges for the industry.

The Company continued to focus on operational excellence, customer-centric solutions, product innovation and cost optimisation to strengthen its market position.

Business Performance

KECL, one of India's established electrical engineering companies, has been engaged in the manufacture of a diversified range of electrical equipment and engineered solutions for over seven decades. With a legacy of engineering excellence and innovation, the Company has developed expertise across Rotating Machines, Transformers, Switchgear, AC Motors, DC Motors, EV Motors, Traction, AC Generators, DG Sets and customised engineering solutions catering to a wide spectrum of industrial and infrastructure sectors.

The Company's product portfolio serves diverse end-user industries including power generation, transmission and distribution, renewable energy, railways, defence, steel, cement, mining, oil & gas, water management, process industries, commercial infrastructure and other core sectors of the economy. Through its manufacturing facilities, engineering capabilities and service network, the Company continues to support customers with reliable, energy-efficient and application-specific solutions.

During the year under review, The Company remained focused on improving operational efficiencies, strengthening execution capabilities, enhancing customer engagement and optimising manufacturing processes. The management continued to emphasise prudent cost management, working capital discipline and operational excellence while maintaining focus on quality, safety and customer satisfaction. The Company remains committed to strengthening its market position through technological advancement, product innovation, enhanced manufacturing capabilities and improved service offerings.

Our extensive track record of customisation projects in Defence, Railways, Power, and complex industrial applications is driven by our robust engineering and R&D infrastructure and the profound expertise, diligence, and skill of our highly qualified engineers.

Opportunities

KECL's manufacturing base and engineering capabilities position the Company to participate in multiple growth sectors of the Indian economy. The Government's continued focus on indigenous manufacturing through the 'Make in India' initiative, coupled with policies promoting localisation, import substitution and self-reliance in critical industries, is expected to increase opportunities for domestic manufacturers of electrical equipment. The Company's established manufacturing base, technical expertise and long-standing relationships with industrial and institutional customers position it favourably to capitalise on these initiatives.

The continuing expansion of India's power transmission and distribution network, renewable energy integration and modernisation of industrial infrastructure is expected to create sustained demand for rotating machines, transformers, switchgear and customised electrical solutions. In addition, investments in railway electrification, metro rail projects, defence manufacturing and critical infrastructure are expected to generate opportunities for specialized products and engineered solutions where the Company possesses technical expertise and manufacturing capabilities.

The rapid transformation of the automotive industry through increased adoption of electric vehicles (EVs), together with investments in EV charging infrastructure, battery manufacturing and ancillary industries, is expected to create demand for energy-efficient motors, power electronics and other electrical systems. Similarly, the emergence of data centres, semiconductor manufacturing facilities and digitally enabled industrial infrastructure is driving the need for reliable power management solutions and high-performance electrical equipment, presenting new avenues for business growth.

The Company's focus on operational excellence, product quality, engineering capabilities and customer-centric solutions, supported by its diversified manufacturing base and established brand presence, enables it to respond effectively to emerging market requirements. Further, opportunities arising from supply chain diversification, increasing exports of engineering products and growing emphasis on sustainable and energy-efficient technologies are expected to support the Company's long-term growth strategy and strengthen its competitive position.

Threats

The Company's future financial performance will be significantly shaped by the evolving global economy. The Company anticipates moderate global growth, the continuation of protectionist trade policies, and ongoing geopolitical tensions, which present a risk of volatile input costs given its reliance on imported critical components like CRGO electrical steel.

The Company faces competition from both established domestic manufacturers and multinational corporations, particularly in standard product segments where pricing pressures remain significant. Intense competition, coupled with customers' increasing emphasis on cost optimisation, quality and shorter delivery timelines, necessitates continuous improvements in operational efficiency, product innovation and customer service to sustain market competitiveness.

The Company's operations are dependent on the availability and cost of key raw materials such as copper, steel, iron and other engineering inputs. Volatility in commodity prices, coupled with fluctuations in foreign exchange rates, may impact input costs and profitability, particularly in projects with long execution cycles where the ability to pass on cost increases is limited. In addition, disruptions in the global supply chain, extended procurement lead times for specialized components and logistics constraints may affect manufacturing schedules and timely execution of customer orders.

The Company continues to address these challenges through prudent procurement practices, continuous cost optimisation initiatives, diversification of its customer base and product portfolio, strengthening of its supply chain, enhancement of manufacturing efficiencies and a structured enterprise risk management framework. These measures are aimed at improving operational resilience and enabling the Company to respond effectively to changing market conditions while pursuing sustainable long-term growth.

Segment wise or product wise performance

Your Company has identified the reportable segments as the Rotating Machines Group, the Power Generation and Distribution Group, and Others, taking into account the nature of products and services, the differing risks and returns, and the internal reporting systems.

The segment wise turnover of your Company is as follows:

(₹ in Lakhs)

Products	2025-26	2024-25
Rotating Machines Group	25,018	27,080
Power Generation and Distribution Group	29,717	23,066
Others	4,199	4,236
Total	**58,934**	**54,382**

Note: figures has been regrouped as per IND-AS.

Future Outlook

KECL's operational resilience stems from its diversified client base and robust order inflow, minimizing reliance on any single industry, customer, or region. This strategic diversification insulates the Company from sector-specific downturns and regional economic slowdowns, thereby bolstering revenue stability.

The Company expects demand for its product portfolio across sectors such as Defence, Railways, and various industrial sectors, supported by the Government's initiatives to boost domestic manufacturing. The Company continues to navigate persistent competition, volatile raw material prices, and the need for continuous technological upgrades. While committed to enhancing internal strengths, including operational efficiencies and strategic debt management, maintaining consistent profitability amidst these external pressures will remain crucial.

Risks mitigation measures

Recognising that unstable growth in core sectors poses a noteworthy risk, the Company has implemented several strategies to mitigate business challenges. The Company is continuously working to reduce manufacturing costs and enhance operational efficiencies, enabling it to offer competitive pricing. The Company's broad product portfolio provides a distinct competitive advantage, allowing it to effectively serve key verticals within the electrical engineering capital goods market. Furthermore, the Company recognises the critical role of its supply chain in ensuring the timely sourcing of raw materials and maintaining excellent delivery reliability.

Internal Control System and its Adequacy

Internal audit processes govern the Company's operations, ensuring consistency and compliance across the organisation. Consistency in operations and compliance, as well as ease of monitoring, are ensured through system-driven controls. As SAP-ERP has been implemented across the Company, reasonable assurance regarding the accuracy of accounting and financial records is provided. Internal auditors verify accounting records to safeguard Company assets against loss or misuse and to ensure the reliability of records used in preparing financial statements. Management reviews support the internal auditors' evaluation of internal controls, and the relevant functions are responsible for initiating resolution of audit observations and related follow-up actions.

Discussion on financial performance with respect to operational performance:-

(₹ in Lakhs)

PARTICULARS	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Revenue from operations	**58,934**	54,382	**58,934**	54,382
Other income (Net)	**1,106**	698	**1,106**	775
Total Revenue	**60,040**	55,080	**60,040**	55,157
Total Expense	**58,356**	55,334	**58,363**	55,754
Profit before Exceptional items	**1,684**	(254)	**1,677**	(597)
Exceptional Items	**(808)**	995	**(808)**	995
Profit / (Loss) before tax	**876**	741	**869**	398

Tax Expense	**30**	25	**30**	25
Profit / (Loss) after tax	**846**	716	**839**	373
Total other comprehensive income	**(183)**	2,867	**(183)**	2,867
Total comprehensive income for the period	**663**	**3,583**	**656**	**3,240**

Note: The financial statements of the Company have been prepared in accordance with Ind AS.

Material developments in Human Resources / Industrial Relations front, including number of people employed :

During the period under review, your Company concentrated on optimising cost and rationalising manpower. Further to the disclosure in the previous year's report, the Board has approved the closure of the component machining activity at Budihal, Bangalore Rural (Unit – 15), with effect from May 28, 2025. However, as stated in the previous year's report, this has had no adverse impact on the operations of the Company. The Company has complied with all necessary requirements in this regard, from time to time.

The number of permanent employees on the rolls of the Company as on March 31, 2026, was 834.

Key financial ratios

Sl. No	Particulars of financial ratios	2025-26	2024-25
i.	Debtors Turnover	46 days	43 days
ii.	Inventory Turnover	31 days	31 days
iii.	Interest Coverage Ratio	0.06	0.06
iv.	Current Ratio	0.43	0.35
v.	Debt Equity Ratio	0.76	0.92
vi.	Operating Profit Margin (in %)	-0.39%	0.08%
vii.	Net Profit Margin (in %)	1.41%	1.30%
viii.	Sector-specific equivalent ratios, as applicable	Nil	Nil

Detailed explanation of above ratios

a. Debtors Turnover:

The above ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing average debtors by turnover.

b. Inventory Turnover:

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing average inventory by turnover.

c. Interest Coverage Ratio:

The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing PBIT by finance cost.

d. Current Ratio:

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.

e. Debt Equity Ratio:

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's total liabilities by its shareholder's equity.

f. Operating Profit Margin:

The operating profit margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIT by turnover.

g. Net Profit Margin (%):

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by turnover.

Details of any change in Return on Net worth (excluding revaluation reserves) as compared to the immediately previous financial year along with a detailed explanation thereof.

The net-worth of the Company for the financial year 2025-26 stood at ₹(22,393) lakhs, an improvement compared to the net-worth of ₹(23,238) lakhs in the previous financial year 2024-25. The net-worth of the Company has remained negative since preceding financial years.

The Company has been generating operational profits over the past three financial years, though debt servicing continues to depend on a combination of operating cash flows and planned asset monetisation. The company continues to face challenges to meet its working capital requirements. based on the resources available and projected sales, the Company expects to reduce the negative net worth by the end of financial year 2026-27, without factoring in the monetisation of non-core assets.

Disclosure of Accounting Treatment:

The financial statements of the Company have been prepared in accordance with IND-AS, as prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and subsequent amendments thereto.

The detailed disclosure of accounting treatment is also provided in the notes to the financial statements, which form part of this Annual Report.

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Annexure IV

1. **DISCLOSURE IN BOARD'S REPORT AS PER THE PROVISIONS OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 (AS AMENDED)**

a. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, during the financial year 2025-26, ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2025-26;

Name	Designation	% increase in remuneration in the financial year 2025-26	Ratio of remuneration / to median remuneration of employees
Mr. Vijay R Kirloskar	Executive Chairman	10.00	112:1
Dr. Ashok Misra ($)	Independent Director	-	-
Mr. Ravi Ghai	Independent Director	-	-
Mr. Suresh Kumar	Independent Director	-	-
Mr. K N Shanth Kumar	Independent Director	-	-
Mr. Mohammed Saad Bin Jung	Independent Director	-	-
Dr. Pangal Ranganath Nayak	Independent Director	-	-
Mrs. Meena Kirloskar	Non Executive Director	-	-
Ms. Rukmini Kirloskar	Non Executive Director	-	-
Mr. Anand B Hunnur	Managing Director	12.50	46:1
Mr. Janaki Kirloskar (#)	Chief Executive Director	-	51:1
Mr. Sanjeev Kumar S @	Director (Finance) & CFO	15.38	15:1
Mr. Mahabaleshwar Bhat	Company Secretary	11.00	8:1

Note: For the FY 2025-26, Non executive directors were paid sitting fee of ₹ 50,000/- per meeting including committee meetings.

$: *Independent director retired with effect from November 04, 2025.*

#: *Appointed as a Chief Executive Officer of the Company, effective from February 11, 2026. Hence, her increase in remuneration is not comparable.*

@: *Mr. Sanjeev Kumar S, Director (Finance) & Chief Financial Officer of the Company has retired from the position of whole-time director on February 13, 2026 and as Chief Financial officer on March 06, 2026.*

b. The median remuneration of the employees of the Company in the financial year 2025-26 is ₹ **4.92 Lakhs.**

c. The percentage increase in the median remuneration of employees in the financial year: **1%**

d. The number of permanent employees on the rolls of the Company for the financial year 2025-26 is **834.**

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the preceding financial year was **7.24%.** The average percentage increase in the managerial remuneration was **12.22%.**

f. It is hereby affirmed that the remuneration paid during the year ended March 31, 2026 is as per the remuneration policy of the Company.

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Annexure V

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES for financial year 2025-26

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

1. **Brief outline on Corporate Social Responsibility (CSR) Policy of the Company:**

The Company has devised and implemented a comprehensive Corporate Social Responsibility (CSR) Policy in accordance with the applicable provisions of the Act and the rules made thereunder. The Policy provides the framework for identifying, planning, implementing, monitoring, and reporting CSR initiatives undertaken by the Company, with a focus on creating sustainable social and environmental impact. The Management oversees the effective implementation of the CSR Policy through a properly defined governance framework to ensure that CSR activities are aligned with the Company's objectives and statutory requirements.

2. **Composition of CSR Committee:**

Sl. No	Name of Committee Members	Designation / Nature of Directorship
1	Mrs. Meena Kirloskar	Chairperson, Non -Executive Non – Independent Director
2	Mr. Vijay Ravindra Kirloskar	Member, Executive Chairman
3	Mr. Suresh Kumar	Member, Non – Executive Independent Director

3. **Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the company:**

CSR Committee	https://www.kirloskarelectric.com/investors/people/committee-of-the-board.html
CSR Policy	https://www.kirloskarelectric.com/investors/investors-information/policies.html
CSR Projects	https://www.kirloskarelectric.com/about-us/csr.html#.

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: Not applicable**

Pursuant to Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company is not required to undertake an impact assessment of its CSR projects, as the average CSR obligation of the Company during the three immediately preceding financial years is less than ₹10 crore.

5. (a) Average net profit of the company as per sub-section (5) of section 135: **₹ 1,549 Lakhs;**

(b) Two percent (2%) of average net profit of the company as per sub-section (5) of section 135: **₹ 30.98 Lakhs;**

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: **NIL;**

(d) Amount required to be set-off for the financial year, if any: **NIL;**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **₹ 30.98 Lakhs**

6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹ 37,80,000;**

b. Amount spent in Administrative Overheads: **NIL**;

c. Amount spent on Impact Assessment, if applicable: **Not Applicable**;

d. Total amount spent for the Financial Year [(a)+(b)+(c)]: **₹ 37,80,000**;

e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to the Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
37,80,000	NIL	NA	NA	NIL	NA

f. Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in Rs.)
(1)		(3)
(I)	Two percent of average net profit of the company as per sub-section (5) of section 135	30,98,000*
(ii)	Total amount spent for the Financial Year	37,80,000
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	6,82,000
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	6,82,000

*Note: * The Company prior to the merger of wholly owned subsidiaries had spent Rs.37.80 Lakhs towards CSR Spending for FY 2025-26. On merger, there is a reduction in Net Profit for F.Y 2024-25 due to which the recalculated 2% of Average NP of Last 3 Years in FY 2024-25 was lower and there is a surplus of Rs.6.82 spent for FY 2025-26;*

g. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl.No	**Preceding Financial Year(s)**	**Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)**	**Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)**	**Amount Spent in the Financial Year (in Rs.)**	**Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any**		**Amount remaining to be spent in succeeding Financial Years (in Rs.)**	**Deficiency, if any**
					Amount (in Rs.)	**Date of Transfer**		
1.	FY-1	Not Applicable						
2.	FY-2							
3.	FY-3							

h. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: ~~Yes~~ (No)**

If Yes, enter the number of Capital assets created/ acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

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

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

Sd/-

Meena Kirloskar
Vice Chairperson & Chairperson CSR Committee
DIN: 00286774

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Form AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures as on 31.03.2026

Part A: Subsidiaries

(Amount in €)

Sl. No	Name of the Subsidiary	Date of acquisition	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / loss before taxation	Provision for taxation	Profit / loss before taxation	Proposed dividend	Equity Share capital (%)
1	Kirsons B V	11.08.2008	260,200	(31,239,906.10)	1,165.65	1,165.65	NIL	NIL	NIL	NIL	NIL	NIL	100%

1. Names of subsidiaries which are yet to commence operations : Nil
2. Names of subsidiaries which have been liquidated or sold during the year : Nil*

Note: * *Pursuant to the Scheme of Merger (Amalgamation), which was sanctioned by the Hon'ble National Company Law Tribunal, Bengaluru Bench, vide its order dated April 30, 2026, the wholly owned subsidiary Companies namely, KELBUZZ Trading Private Limited, Luxquisite Parkland Private Limited, SKG Terra Promenade Private Limited, SLPKG Estate Holdings Private Limited, have been amalgamated with the holding company, Kirloskar Electric Company Limited effective from the Appointment Date i.e., April 01, 2024..Subsequent to the sanction of the scheme, Kirsons BV, which was the subsidiary of Luxquisite Parkland Private Limited, becomes the subsidiary of Kirloskar Electric Company Limited.*

Part B: Associate Companies/ Joint Ventures

Sl. No	Name of the Associate Companies/ Joint Ventures	Date of acquisition/ association	Latest Audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year
				No	Amount of Investment	Extent of\ holding				
1.	Kirloskar Malaysia SDN BHD	04.12.1980	31.03.2025	300,000	₹ 529,000	30%	30% shares held by KECL	NA	(refer below note) #	(refer below note) #
2.	Kirsons Trading PTE LTD	21.04.1992	31.03.2025	56,250	₹ 1,120,000	7.5%	-	NA	4,382,043	(5,383,366)

#since the net worth of the associate is negative; the loss is restricted to the value of the investment

1. Names of associates or joint ventures which are yet to commence operations: Nil

2. Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For **K N Prabhashankar & Co.**
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand B Hunnur
Managing Director
DIN: 06650798

Dillip Kumar Pani
Sr. Vice President – Finance &
Chief Financial Officer
Membership no. 222629

Mahabaleshwar Bhat
Vice President – Corporate Affairs &
Company Secretary
Membership no. A21919

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Period 01-04-2025 to 31-03-2026

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Kirloskar Electric Company Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kirloskar Electric Company Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon. Based on my verification of the Kirloskar Electric Company Limited books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit; I hereby report that in my opinion, the Company has, during the audit period covering the period from 01-04-2025 to 31-03-2026 complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records, maintained by Kirloskar Electric Company Limited for the period from 01-04-2025 to 31-03-2026 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 there under;

(iii) The Depositories Act, 1996 and the Regulations and Byelaws Framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Director Investment, Overseas Direct Investment and External Commercial borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable to the Company during the Audit Period);**

  iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company during the Audit Period);**

  v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period);**

  vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)** and

  viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable to the Company during the Audit Period);**

  ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws applicable to the Company: As per the representation made by the Company, there are no 'Industry specific' law(s) applicable to the Company. The Company has systems and processes in place to comply with general employee welfare laws applicable to it.

I have also examined compliance with the applicable clauses of the following:

  (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

  (ii) The Listing Agreements entered into by the Company with NSE and BSE Stock Exchanges;

During the period under Review the Company has complied with the Provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above :

I 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 was given to all Directors to schedule the Board Meetings. The agenda and detailed notes on agenda were circulated at least seven days in advance, and a system existed for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

The decisions of the Board were carried through by majority, and the views of dissenting members, if any, were captured and recorded as part of the minutes.

I 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.

I further report that During the audit period, there were no specific events or actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

Sd/-
Name: Sudheendra P. Ghali
FCS No: 7037
CP No: 7537
UDIN: F007037H000708738
Peer Review No: 3145/2023

Place: Belgaum
Date: 29.06.2026

This letter which is annexed herewith as Annexure 1 forms an integral part of the Secretarial Audit Report (MR-3) and has to be read along with it.

'Annexure -1'

To

The Members,

Kirloskar Electric Company Limited

My 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. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I 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. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
Name: Sudheendra P. Ghali
FCS No: 7037
CP No: 7537
UDIN: F007037H000708738
Peer Review No: 3145/2023

Place: Belgaum
Date: 29.06.2026

CORPORATE GOVERNANCE REPORT

1. **Company's philosophy on corporate governance:**

Kirloskar Electric Company Limited ("the Company") believes that sound corporate governance is the foundation for enhancing long-term stakeholder value and sustaining trust in the Company. The Company's governance philosophy is rooted in the principles of **Transparency**, **Accountability**, **Integrity**, **Fairness**, and **Ethical Conduct** in all its operations and dealings.

The Company is committed to conducting its business in accordance with applicable laws, regulations, and the highest standards of corporate governance. It endeavors to ensure that its decision-making processes are transparent and backed by strong systems of internal controls and risk management, thereby safeguarding the interests of all stakeholders including shareholders, employees, customers, suppliers, regulators, and the community at large.

The Board of Directors ('the Board') plays a central role in upholding the governance framework by providing strategic direction, effective oversight, and independent judgment. The Company promotes a culture of compliance and continuous improvement, ensuring that governance practices evolve in line with regulatory requirements and global best practices.

Through this philosophy, the Company seeks to maintain the confidence of its stakeholders while achieving sustainable growth and long-term value creation.

2. **Board of Directors:**

a) **Composition as on March 31, 2026 and other matters:**

The Board is composed of highly accomplished individuals, including executive, non-executive, and independent directors. This optimal balance, coupled with their extensive professional and technical expertise across areas like business strategy, management, marketing, and finance, empowers the Board to provide robust oversight and steer the business effectively.

On March 31, 2026, the Board was strategically composed of nine (09) Directors, ensuring a balanced representation. This included two (02) Executive Directors (i.e., Executive Chairman & a Managing Director), five (05) Independent Directors, and two (02) Non-Executive Women Directors.

All independent directors satisfy the criteria for independence as defined under the Companies Act, 2013, and the SEBI Listing Regulations.

In compliance with the requirement of Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the chairperson of the Board is an Executive director hence, more than half of the Board members are Independent Directors as on March 31, 2026.

In appointing new directors, the Board thoroughly reviews recommendations from the Nomination and Remuneration Committee. The Committee's diligent evaluation covers candidates' qualifications, professional expertise, relevant experience, positive attributes and wherever applicable, their independence, all in accordance with our defined criteria.

The Board, inter-alia, provides leadership, strategic guidance and independent advise to the Company's management.

The Board members get updates on the Company's procedures and policies as per the familiarization program.

The Board as part of its corporate governance practice periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company and that there is no non-compliance under any applicable law.

None of the directors on the Board is a member in more than 10 committees or Chairman of more than 5 committees across all the Companies in which they are directors as specified under SEBI Listing Regulations. Necessary disclosures regarding committee positions have been received from the directors.

b) **Category, attendance, directorships, membership, chairmanship of directors of your Company during the financial year ended March 31, 2026;**

Name of the Director	Designation	Attendance		Directorships/Committee Memberships@			Directorship in other listed entity (Category of Directorship)
		Attendance of each director at the meeting of Board of Directors	Attendance at the previous AGM (Yes/No)	Directorship (s) in other companies as on March 31, 2026 excluding this Company	Committee Membership excluding this Company**	Committee Chairmanship excluding this Company**	
Mr. Vijay Ravindra Kirloskar*	Executive -Chairman & Promoter	8	Yes	1	0	0	NIL
Mrs. Meena Kirloskar	Non Executive-Non Independent Director & Promoter	8	Yes	9	1	0	NIL

Name of the Director	Designation	Attendance		Directorships/Committee Memberships@			Directorship in other listed entity (Category of Directorship)
		Attendance of each director at the meeting of Board of Directors	Attendance at the previous AGM (Yes/No)	Directorship (s) in other companies as on March 31, 2026 excluding this Company			
Mr. Ravi Ghai	Non Executive-Independent Director	8	Yes	0	0	0	NIL
Mr. Suresh Kumar	Non Executive-Independent Director	8	Yes	1	0	2	NIL
Ms. Rukmini Kirloskar	Non-Executive-Non Independent Director	8	Yes	7	0	0	NIL
Mr. K.N. Shanth Kumar	Non-executive Independent Director	6	Yes	5	1	0	NIL
Mr. Mohammed Saad Bin Jung	Non Executive-Independent Director	7	Yes	2	1	0	NIL
Dr. Pangal Ranganath Nayak	Non Executive-Independent Director	8	No	1	0	0	NIL
Mr. Anand B Hunnur	Managing Director	8	Yes	1	0	0	NIL
Dr. Ashok Misra[#1]	Non Executive-Independent Director	4	Yes	3	0	2	Veranda Learning Solutions Limited (Non Executive - Independent Director)
Mr. Sanjeev Kumar S[#2]	Director (Finance) & CFO	7	Yes	0	0	0	NIL

**Mr. Vijay Ravindra Kirloskar (DIN: 00031253) is director of Kirloskar Power Build Gears Limited which is under Liquidation.*

@ excludes foreign companies and companies covered under Section 8 of the Companies Act, 2013.

***In accordance with regulation 26 of SEBI (LODR) Regulations i.e., only Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies have been considered.*

[#1] Dr. Ashok Misra, Independent Director has completed his second term of five years as an Independent director and has retired from directorship effective from the close of bussiness hours on November 04, 2025.

[#2] Mr. Sanjeev Kumar S, Director (Finance) & Chief Financial Officer of the Company has retired from the position of whole-time director on February 13, 2026 and as Chief Financial officer on March 06, 2026.

c) **Number of Board meetings held and their dates:**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses.

During the financial year 2025-26, Eight (08) meetings of the Board of directors were held. The details of the meetings held are as given hereunder:-

Sl. No	Date of Board Meeting	No of directors entitled to attend	No of directors attended	Mode of Meeting
1	April 28, 2025	11	10	Video Conference
2	May 28, 2025	11	11	Video Conference
3	July 10, 2025	11	10	Video Conference
4	August 12, 2025	11	10	Physical
5	September 16, 2025	11	10	Video Conference
6	November 11, 2025	10	10	Video Conference
7	February 11, 2026	10	10	Video Conference
8	March 26, 2026	9	9	Video Conference

The meetings and agenda items taken up during the meetings are in compliance with the Companies Act, 2013 and SEBI Listing Regulations read with various circulars issued by Ministry of Corporate Affairs (MCA) and Securities Exchange Board of India (“SEBI”).

The maximum interval between any two meetings was within the maximum allowed gap pursuant to the Companies Act, 2013 and SEBI Listing Regulations read with the Circulars issued by MCA and SEBI.

All material information was circulated to the directors before the meeting or was placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part-A of Schedule II of sub-regulation 7 of Regulation 17 of the SEBI Listing Regulations.

The necessary quorum was present for all the meetings.

In certain cases, the Board's approval was taken by passing resolutions through circulation, as permitted by law, which were confirmed in the subsequent meeting of the Board of Directors.

d) Other Directorships:

Necessary disclosures regarding committee positions have been made by the directors. As per the Companies Act, 2013, none of the directors of the Company holds office as a director, including as an alternate director, in more than twenty companies at the same time and none of them have directorships in more than ten public limited companies. For reckoning the limit of public companies, directorships in private companies that are either holding or subsidiary company of a public company are included and dormant companies are excluded.

As per regulation 26 of SEBI Listing Regulations, membership/chairmanship of Audit Committee and Stakeholders' Relationship Committee in all Indian public limited companies are considered and, accordingly, reported. Further, none of the directors of the Company hold membership in more than 10 committees, nor any director is the Chairman of more than 5 committees across all public limited companies where he / she holds directorships.

As per the declaration received from the directors, none of the directors of the Company is a director in seven listed entities or is an independent director in more than seven equity listed companies or in more than three equity listed companies in case they are whole-time director in any listed company.

e) Disclosure of relationships between directors inter-se:

As per the information available with the Company, none of the directors were related inter se except for Mr. Vijay Ravindra Kirloskar (DIN: 00031253), Mrs. Meena Kirloskar (DIN: 00286774) and Ms. Rukmini Kirloskar (DIN: 00309266)

f) Shareholding of non-executive directors as at March 31, 2026:

Name of the director	Number of Equity Shares
Mrs. Meena Kirloskar	184,514
Mr. Ravi Ghai	Nil
Mr. Suresh Kumar	Nil
Mr. K N Shanth Kumar	Nil
Dr. Pangal Ranganath Nayak	Nil
Mr. Mohammed Saad Bin Jung	Nil
Ms. Rukmini Kirloskar	Nil

The sitting fees paid to the Non-Executive Directors and / or Independent Directors is within the limits prescribed under the Companies Act, 2013.

The Company doesn't have any Convertible instruments.

g) Details of Familiarization Programmes to Directors:

During the financial year, senior management team made presentations to the directors giving an overview of the Company's operations, functions, strategies and risk management plans of the Company. The details of the familiarization programs are available on the website of the Company at: https://kirloskarelectric.com/investors/investors-information/policies.html

h) Board Evaluation:

The Company believes that it is the effectiveness of the Board that contributes to the Company's performance and long term growth. The criteria for Board evaluation contemplates evaluation of directors' performances based upon their performances as directors apart from their specific role as independent, non-executive and executive directors.

The criteria also specifies that the Board would evaluate each committee's performance based on the mandate on which the committee has been constituted and the contributions made by each member of the said committee in effective discharge of their responsibilities.

a. The Board of directors evaluated the performance of Independent Directors of the Company. Those directors who were subject to evaluation did not participate at the meeting. For this purpose, a comprehensive questionnaire was provided to each Board member. Each and every member except the director being evaluated, participated, discussed and filled in the questionnaire and provided their feedback. The results were thereafter compiled and noted.

b. Pursuant to applicable SEBI Listing Regulations, the Nomination & Remuneration committee carried out evaluation of every director's performance. A comprehensive questionnaire was provided to each committee member for evaluation of every director's performance. Each member of the committee was requested to fill in the questionnaire and provide their feedback. The committee thereafter discussed and completed the evaluation process.

c. A separate meeting of independent directors was also held on March 26, 2026 to evaluate the performance of the non independent directors, the performance of the Chairman, the Board of director and its committees. A comprehensive questionnaire was shared with each member to carry out the evaluation process. The directors filled the questionnaire and provided their feedback.

The evaluation process contained the following:

1. Performance of the Board as a whole & its committees;
2. Performance of the Executive Chairman Mr. Vijay R Kirloskar (DIN: 00031253);
3. Performance of non executive - non independent directors i.e., Mrs. Meena Kirloskar (DIN: 00286774) & Ms. Rukmini Kirloskar (DIN: 00309226);

Based on the review and consideration of the Company's progress and performance during the year, the independent directors recorded the contributions made by the non independent directors.

The directors also reviewed the performance of the chairman after taking into account the views of executive and non-executive directors. The independent directors placed on record their appreciation of the leadership of the Chairman.

The independent directors further assessed the quality, quantity and timeliness of flow of information between the Company and the management and the Board to effectively discharge their responsibilities and to perform their duties. They expressed their satisfaction on flow of information & evaluation process.

The independent directors acknowledged the fact that the Board was well informed of the Company's activities. That had enabled the board to understand all the aspects of the Company and had helped them to take decisions effectively.

i) Opinion of the Board on Independent directors:

Pursuant to Section 149(6) of the Companies Act, 2013 read with the applicable rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations the Independent Directors have submitted their annual declarations confirming that they meet the prescribed criteria of independence. Further, in terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have also confirmed that there are no circumstances or situations which exist or are reasonably anticipated that could impair or impact their ability to discharge their duties with objective and independent judgment.

Based on the declarations and confirmations received, and after undertaking due assessment, the Board is of the opinion that all the Independent Directors fulfill the conditions of independence as specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations, and are independent of the management of the Company.

j) Core skills / expertise / competencies available with the Board:

The Board comprises of qualified directors who possess required skills, expertise and competencies that allows them to make effective contributions to the Board and to its Committees. They are nominated based on well-defined selection criteria set out by the Nomination and Remuneration Committee.

The following are the skills, expertise & competencies which are currently available with the Board:-

Sl. No	Name of the Director	Area of Expertise
1	Mr. Vijay R Kirloskar	Management & Strategy, Global Business Leadership, Finance, Investment & Treasury, Research & Training, Scientific development & Innovations, Product Development, Manufacturing & Sales Operation.
2	Mrs. Meena Kirloskar	Management & Strategy, Finance, Corporate Governance & Ethics and such other areas.
3	Mr. Anand B Hunnur	Sales, Marketing, Electrical Engineering and such other areas.
4	Mr. Ravi Ghai	Banking, Investment, Finance, risk compliance, finance training and credit appraisal.
5	Mr. Suresh Kumar	Business Strategy and such other areas.
6	Mr. K N Shanth Kumar	General administration, Public relation, Media and such other areas.
7	Ms. Rukmini Kirloskar	Finance, Sales and Marketing and such other areas.
8	Mr. Mohammed Saad Bin Jung	Public Relation, Environment & Social Governance (ESG) and such other areas.
9	Dr. Pangal Ranganath Nayak	Health Care, administration and such other areas.

k) Information flow to the members of the Board of directors:

The Board is provided with comprehensive information on all agenda items to enable informed decision-making and effective discharge of its fiduciary responsibilities. Detailed agenda papers, together with explanatory notes and supporting documents, are circulated to the Directors well in advance of the meetings in compliance with the provisions of the Companies Act, 2013, the applicable Rules thereunder, the SEBI Listing Regulations and the Secretarial Standards issued by the Institute of Company Secretaries of India.

The Company's annual business plans, strategic initiatives, operating plans and other significant matters are periodically placed before the Board for its review, guidance and direction. The quarterly and annual financial results are reviewed by the Audit Committee and, upon its recommendation, are placed before the Board for consideration and approval. The Board meetings provide an effective forum for deliberation on the Company's performance, business strategy, governance, risk management and operational matters, enabling the Directors to provide valuable guidance and oversight in the best interests of the Company and its stakeholders.

l) Detailed reasons for resignation of an independent director:

No Independent director/(s) have resigned from their position. However, Dr. Ashok Misra (DIN: 00006051), Independent Director of the Company, completed his second term of five consecutive years and ceased to be a Director of the Company with effect from the close of business hours on November 04, 2025, pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The Board places on record its sincere appreciation for his valuable guidance, support and contribution during his tenure.

m) None of the non executive independent directors have any pecuniary relationship or transaction with the Company.

n) Necessary information as required under schedule – II of SEBI Listing regulations, as amended, have been placed before the meetings of the Board including the committees thereof.

3. <u>Committees of Board</u>

In compliance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Board has constituted various Committees to assist it in the effective discharge of its responsibilities and to strengthen the governance framework of the Company. These Committees provide focused oversight on specific areas of business and governance and facilitate informed and timely decision-making within their respective mandates.

Each Committee operates in accordance with its Charter / terms of reference approved by the Board, which sets out its scope, composition, roles, responsibilities and delegated authority. The Committees deliberate on matters entrusted to them and make recommendations and/or take decisions within the powers delegated by the Board. The proceedings, decisions and recommendations of the Committees are periodically placed before the Board for its review, noting and/or approval, as may be required.

As at March 31, 2026, your Company has the following committees of the Board;

A. Audit Committee:

The Company's qualified and independent Audit Committee plays a pivotal role in financial governance, serving as a direct link between management, external and internal auditors, and the Board. It is charged with the effective supervision of financial reporting, which includes providing direction to the audit function, monitoring audit scope and quality (both internal and statutory), and ensuring accurate and timely disclosures. Beyond these responsibilities, the Committee considers specific matters referred by the Board, in addition to adhering to the mandatory provisions of Regulation 18 read with Part C of Schedule II of SEBI Listing

Regulations and Section 177 of the Companies Act, 2013.

The responsibilities of the Audit Committee includes review of quarterly, half yearly and annual financial statements before submission to the Board, approval or any subsequent modification of transactions of the Company with related parties amongst others.

I. Terms of reference:

The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and as per applicable SEBI Listing Regulations.

The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed.

II. Composition and attendance:

Audit Committee as on March 31, 2026 comprised of three independent directors & one non independent director.

During the financial year 2025-26, the committee met five (05) times on May 28, 2025, July 10, 2025, August 12, 2025, November 11, 2025 and February 12, 2026.

Composition and attendance of each member were as follows:

Name	**Category**	**Meetings**	
		No. of meetings, members are entitled to attend	**No. of meetings attended**
Mr. Suresh Kumar	Chairman	05	05
Mrs. Meena Kirloskar	Member	05	05
Mr. Mohammed Saad Bin Jung	Member	05	05
Mr. K N Shanth Kumar	Member	05	04
Dr. Ashok Misra $	Member	03	02

Note: $ Dr. Ashok Misra (DIN: 00006051), Independent Director have successfully completed his second term, comprising five consecutive years, and has retired from directorships effective from the close of business hours on November 04, 2025;

The Committee invites the Executive Chairman, Managing Director, the Chief Financial Officer of the Company and such other executives as it considers appropriate, representatives of the statutory auditors and internal auditors, to be present at its meetings.

The Company Secretary acts as the secretary to the audit committee.

B. Nomination and Remuneration Committee:

I. Terms of reference

The Company has a Nomination and Remuneration Committee (“NRC”) constituted pursuant to the Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations and section 178 of the Companies Act, 2013. The NRC is vested with the authority to recommend nomination for Board membership, remuneration of Directors, Key Managerial Personnels and senior employees', formulation of criteria for evaluation of Independent Directors and Board of Directors, remuneration to board and other senior management.

The NRC also carries out a separate exercise to evaluate the performance of individual Directors; Feedback is sought by way of structured questionnaires covering various aspects of Boards functioning such as adequacy of composition of the Board and its Committee, Board culture, execution & performance of specific duties, obligations and governances. Performance evaluation is carried out based on the responses received from all directors.

The committee comprised of four members as on March 31, 2026 all of whom are non executive directors.

During the financial year 2025-26, the committee met three (03) times on July 10, 2025, November 11, 2025 and February 11, 2026.

II. Composition and attendance of each member were as follows:

Name	**Category**	**Meetings**	
		No. of meetings, members are entitled to attend	**No. of meetings attended**
Mr. Suresh Kumar	Chairman	03	03
Mrs. Meena Kirloskar	Member	03	03
Mr. Mohammed Saad Bin Jung	Member	03	03
Dr. Ashok Misra $	Member	01	01

Note: $Dr. Ashok Misra (DIN: 00006051), Independent Director have successfully completed his second term, comprising five consecutive years, and has retired from directorships effective from the close of business hours on November 04, 2025;

Performance evaluation criteria for independent directors:

Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated. The performance evaluation of Independent Directors is based on various criteria including experience, expertise, independent judgment, ethics, values and adherence to the corporate governance norms amongst others.

C. Stakeholder Relationship Committee:

I. Terms of reference

The Company has constituted a Stakeholders Relationship Committee (“SRC”) pursuant to regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act. The SRC is primarily responsible for Redressal of the grievances of shareholders/investors including complaints related to transfer or transmission of shares, issuance of duplicate share certificates and other such grievances as may be raised by the shareholders from time to time.

Mr. Mahabaleshwar Bhat, Vice President- Corporate Affairs & Company Secretary is the Compliance officer of the Company.

During the financial year 2025-26, the committee met one (01) time on February 11, 2026.

II. Composition and attendance of each member were as follows:

Name	Category	Meetings	
		No. of meetings, members are entitled to attend	No. of meetings attended
Mr. Suresh Kumar	Chairman	01	01
Mr. Vijay R Kirloskar	Member	01	01
Mr. Anand B Hunnur	Member	01	01

Shareholders' complaints are taken up with high priority and it is the Company's policy that investors' complaints are attended with utmost priority and resolved expeditiously.

A statement of the investor complaints for the financial year 2025-26 is given below:

Sl. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	0
2	Investor complaints received during the year	2
3	Investor complaints disposed off / resolved during the year	2
4	Investor complaints remaining unresolved at the end of the year	0

The quarterly statements on investor complaints received and disposed off are filed with Stock Exchanges within 30 days from the end of each quarter and such statement is also placed before the subsequent meeting of Board of directors every quarter.

D. Corporate Social Responsibility Committee

I. Terms of reference

The Company's contribution and initiatives towards social welfare and environment sustainability have been integral to its business. The terms of reference of the CSR Committee are in line with the provisions of Section 135 of the Companies Act, 2013.

II. The Composition of the Committee and attendance details:

Your Company has a competent Corporate Social Responsibility Committee as per the Corporate Social Responsibility Policy as required under Section 135 of the Companies Act, 2013, which shall indicate the activities to be undertaken by the Company on Corporate Social Responsibility and Recommend the amount of expenditure to be incurred.

As on March 31, 2026, the members of the CSR Committee were:

Name	Category
Mrs. Meena Kirloskar	Chairperson
Mr. Vijay R Kirloskar	Member
Mr. Suresh Kumar	Member

CSR Performance and Contribution for FY 2025-26:

The Company remains deeply committed to its social responsibilities. During the financial year 2025-26, the Company has fully met its statutory CSR targets by contributing an aggregate amount of ₹ 37.80 Lakhs, representing the mandatory 2% of the average net profits of the Company made during the three immediately preceding financial years.

Detailed disclosures regarding the CSR initiatives undertaken during the year, as required under the Companies (Corporate

Social Responsibility Policy) Rules, 2014, are provided in the Boards Report.

E. Risk Management Committee:

The Company does not falls under top 1,000 category based on Market Cap, therefore it is not required to constitute the Risk Management Committee.

F. Senior Management

Particulars of senior management:

Sl. No	Name	Designation
1.	Mr. Arunesh M	Senior Vice President
2.	Mr. Nitin Jain	Senior Vice President
3.	Mr. Lokesha S	Senior Vice President
4.	Mr. Basavaraj Baragudi	Senior Vice President
5.	Mr. Mahabaleshwar Bhat	Vice President
6.	Mrs. Sukanya Reddy	Vice President
7.	Mr. C. K. Srinath	Vice President
8.	Mr. Mahadevswamy P	Vice President
9.	Mr. Yathiraj B. L	Vice President
10.	Mr. Shrivenkatesh N	Vice President
11.	Mr. Rajib Ganguli	Vice President
12.	Mr. Manish Nagrale	Vice President
13.	Mr. Nikesh Gupta	Vice President
14.	Mr. M. Srikanth	Vice President
15.	Mr. Vinay C	Vice President
16.	Mr. Jayaprakash Reddy	General Manager
17.	Mr. Robert Mondal	General Manager
18.	Mr. Kaushik Goswamy	Senior Vice President*

**Mr. Kaushik Goswamy has retired from the service on the close of business on September 19, 2025.*

Note: Members from Sl. No 6 to 17 were designated as senior management as per internal re-organization w.e.f November 11, 2025;

Remuneration of directors:

In line with the Company's philosophy to ensure equitable remuneration to all the Directors, Key Managerial Personnel (KMP) and employees of the Company, the Nomination and Remuneration policy of the Company has been framed. The Nomination and Remuneration policy of the Company is designed to create a high-performance culture among KMP, Managerial Personnel's and employees and enable the Company to attract, retain and motivate them to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Nomination and Remuneration policy is available on the website of the Company at https://kirloskarelectric.com/investors/investors-information/policies.html.

(a) Non-Executive Directors:

(Amount in ₹)

Sl. No	Name	Sitting fees paid
1.	Mrs. Meena Kirloskar	8,00,000
2.	Mr. Suresh Kumar	8,50,000
3.	Mr. Ravi Ghai	4,00,000
4.	Mr. K N Shanth Kumar	5,00,000
5.	Ms. Rukmini Kirloskar	4,00,000
6.	Dr. Pangal Ranganath Nayak	4,00,000
7.	Mr. Mohammed Saad Bin Jung	7,50,000
8.	Dr. Ashok Misra $	3,50,000

Note: $Dr. Ashok Misra (DIN: 00006051), Independent Director have successfully completed his second term, comprising five consecutive years, and has retired from directorships effective from the close of business hours on November 04, 2025;

The Company pays sitting fees of ₹50,000/- per meeting to its Non-Executive Directors for attending the meetings of the Board and meetings of the committees of the Board.

There are no pecuniary relationships or transactions of the non-executive directors' vis-à-vis with the Company.

(b) Executive Directors: (Amount in ₹)

Sl. No.	Name of the MD/WTD	Salary	Perquisites	Others *	Total
1	Mr. Vijay R Kirloskar	1,20,00,000/-	4,30,00,000/-	-	5,50,00,000/-
2	Mr. Anand B Hunnur	43,50,000/-	1,67,66,265/-	13,83,735/-	2,25,00,000/-
3	Mr. Sanjeev Kumar S @	11,99,988/-	59,18,296/-	3,81,716/-	75,00,000/-

Note: @ Mr. Sanjeev Kumar S has retired from the position of whole-time Director with effective from the close of business hours on February 13, 2026 and as Chief Financial Officer on the close of business hours on March 06, 2026;

**others pertain to retiral benefits.*

The Company has not given any performance linked incentives, stock options etc., to the directors of the Company.

Employment agreements with executive directors: -

Name of the director	Effective date of executive employment agreement	Details of shareholders' approval on the agreements	Provision for Notice period and Severance pay
Mr. Vijay R Kirloskar	August 14, 2023	The shareholders approved the appointment and key terms of the agreement by passing a resolution at the AGM dated August 14, 2023.	According to the agreement if before the expiration of this agreement the tenure of office of the Executive Chairman is determined, by any reason whatsoever, the Executive Chairman shall subject to the provisions of Section 202 of the Companies Act, 2013, be entitled to receive as compensation for loss of office an amount equivalent to the remuneration which he would have earned if he had been in office for the unexpired residue of his term or for three years, whichever is shorter, calculated on the basis of the average remuneration actually earned by him during a period of three years immediately preceding the date on which he ceased to hold office or where held the office for a lesser period than three years, during such period.
Mr. Anand B Hunnur	July 10, 2025	The shareholders approved the appointment and key terms of the agreement by passing a resolution at the 78th AGM dated September 16, 2025.	Subject to section 202 of the Companies Act, 2013, in the event of the Company determining the contract before completion of agreement period, the Managing Director shall be paid a compensation in the following manner: a) If such determination of contract is made by the Company before completion of eighteen (18) months of service – the Compensation equivalent to six month's salary; b) If such determination of contract is made by the Company after completion of eighteen (18) months of service, compensation of salary for the balance period of service or three month's salary, whichever is less;
Mr. Sanjeev Kumar S @	February 14, 2025	The shareholders approved the re-appointment and key terms of the agreement by passing a resolution through Postal Ballot dated April 24, 2025.	Subject to the provisions of Section 202 of the Companies Act, 2013, Mr. Sanjeev Kumar Shivappa be entitled to receive compensation for loss of office an amount equivalent to the remuneration which he would have earned if he had been in office for the unexpired residue of his term or for one year, whichever is shorter, calculated on the basis of the average remuneration actually earned by him during a period of one year immediately preceding the date on which he ceased to hold office or where held the office for a lesser period than one year, during such period.

Note: @ Mr. Sanjeev Kumar S has retired from the position of whole-time Director with effective from the close of business hours on February 13, 2026 and as Chief Financial Officer on the close of business hours on March 06, 2026;

4. General Meetings:

a) Annual General Meeting:

Location, time and special resolution for the last three AGMs:

	2023-24	2024-25	2025-26
Date, Venue and Time	14th August, 2023	16th September, 2024	16th September, 2025
	Held through Video Conferencing / Other Audio Visual Means	Held through Video Conferencing / Other Audio Visual Means	Held through Video Conferencing / Other Audio Visual Means
	11.00 A.M	11.00 A.M	11.00 A.M
Special Resolutions Passed	1. Reappointment of Mr. Vijay R Kirloskar (DIN: 00031253) as Whole-time Director in the capacity of 'Executive Chairman' of the Company for a term of three years. 2. Appointment of Mr. Suresh Kumar (DIN: 02741371), as an Independent Director of the Company	1. Regularization of Additional Independent Director, Mr. Mohammed Saad Bin Jung (DIN: 00264525) by appointing him as an Independent Director of the Company. 2. Regularization of Additional Independent Director, Dr. Pangal Ranganath Nayak (DIN: 01507096) by appointing him as an Independent Director of the Company. 3. Revision in the remuneration payable to Mr. Vijay R Kirloskar (DIN: 00031253), Executive Chairman. 4. Revision in the remuneration payable to Mr. Anand B Hunnur (DIN: 06650798), Managing Director. 5. Revision in the remuneration payable to Mr. Sanjeev Kumar S (DIN: 08673340), Director (Finance) & Chief Financial Officer.	1. To re-appoint Mr. Anand Balaramacharya Hunnur (DIN: 06650798) as Managing Director of the Company. 2. Revision in the remuneration payable to Mr. Vijay R Kirloskar (DIN: 00031253), Executive Chairman;

b) Extraordinary General Meeting('EGM'):

No EGM was held during the financial year 2025-26.

c) Postal Ballot:

During the year under review, the Company has conducted two (02) Postal Ballots as per provisions of Section 110 of the Companies Act, 2013. Mr. K Chandra Sekhar, Practicing Company Secretary (ACS No. 14441 / PCS No. 24363), Bengaluru was appointed as Scrutinizer for conducting Postal Ballots in a fair and transparent manner. The voting was conducted through electronic mode only. The Company had engaged the services of CDSL to provide e-voting facility to its members for its postal ballot process.

The notice of postal ballots were accompanied with detailed instructions kit to enable the members to understand the procedure and manner in which postal ballot voting (including remote e-voting) to be carried out.

The Scrutinizer's Report has been displayed on the website of the Company and CDSL viz. www.evotingindia.com. The resolutions were approved with requisite majority.

The detail results of Resolutions passed through Postal Ballots are as under:

1. Postal Ballot concluded on 21/12/2025:

Sl. No	Special Resolution passed	No. & % of votes received	No. & % of votes in favour	No. & % of votes against	Details of invalid votes
1	Revision in the remuneration payable to Mr. Sanjeev Kumar Shivappa (DIN: 08673340), Director (Finance) & Chief Financial Officer.	33,026,837 (49.73%)	33,017,796 (99.97%)	9,041 (0.02%)	0

2. Postal Ballot concluded on 06/04/2026:

Sl. No	Special Resolution passed	No. & % of votes received	No. & % of votes in favour	No. & % of votes against	Details of invalid votes
1	Approval for related Party transaction i.e., appointment of Ms. Janaki Kirloskar, Chief Executive Officer of the Company to any office or place of profit.	3,119,274 (4.69%)	3,116,940 (99.92%)	2,334 (0.07%)	0

At present there is no special resolution proposed to be conducted through postal ballot.

5. **Means of communication:**

The Company has established procedures to disseminate in a planned manner, relevant information at large.

a) The Company has been regularly publishing audited / un-audited financial results in leading newspapers, immediately after the same is approved by the Board. The results are also posted on the Company's website.

b) Newspaper wherein results normally published: The quarterly results are normally published in the all India edition of Business Standard and Bangalore edition of Prajavani.

c) The quarterly results and other information relating to the Company are posted on the Company's website www.kirloskarelectric.com significant events, if any, during the financial year, are filed with the stock exchange and also posted on the Company's website www.kirloskarelectric.com from time-to-time.

d) Annual Report: Annual Report containing audited standalone financial statements, consolidated financial statements together with Board's Report, Auditors Report and other important information are circulated to members entitled thereto and is also available on the Company's website www.kirloskarelectric.com.

e) The Company had made press release on the Ind AS Compliant audited (Standalone and Consolidated) Financial Results for the quarter and year ended March 31, 2026. The same has been made available on the website of the Company www.kirloskarelectric.com

f) No presentation was made to institutional investors or to the analysts during the year 2025-26.

g) Email ID for registering complaints by investors: investors@kirloskarelectric.com.

6. **General shareholder information:**

(a) *Date, Time and Venue of Annual General Meeting:*

The 79th Annual General Meeting of the Company will be held on Thursday, 13th day of August, 2026 at 11.00 A.M through Video Conference mode.

(b) *Financial Year:*

The Company's financial year starts on 1st April and ends on 31st March.

(c) *Dividend payment date:*

The Board of Directors has not recommended any dividend for the financial year ended March 31, 2026.

(d) *Stock Exchanges:*

The Company's Equity Shares are listed on the following stock exchanges and the Company has paid the appropriate listing fees for the financial year 2025-26;

1. **National Stock Exchange of India Limited**
   Exchange Plaza, C-1, Block G,
   Bandra Kurla Complex,
   Bandra (E),
   Mumbai – 400 051
2. **The BSE Limited**
   Phiroze Jeejeebhoy Towers,
   Dalal Street,
   Mumbai- 400001

(e) *The securities of the Company were traded throughout the year and there was no notice of suspension from trading from any exchange.*

(f) *Registrar and Share Transfer Agents:*

Integrated Registry Management Services Private Limited, #30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru 560 003. Telephone No's: 23460815, 23460816, 23460817 and 2346081 Fax No. 23460819, Website: www.integratedindia.in; Contact Person: Mr. S. Giridhar, General Manager.

(g) *Share Transfer System:*

The Company has Stakeholders Relationship Committee to review and resolve the Complaints by the Shareholders and investors which may arise from time to time. The Company has complied with requirements as specified in regulations 40 of SEBI Listing Regulations for effecting transmissions of securities of the Company.

With effect from April 01, 2019, SEBI has barred physical transfer of shares of the listed companies and mandated transfers only in a dematerialized form. However, pursuant to circular no. HO/38/13/11(2)2026-MIRSD-POD/1/3750/2026, dated January 30, 2026, SEBI has opened a special one year window, from February 05,2026 to February 04,2027, for the re-lodgement of physical share transfer requests that were lodged before April 1, 2019, and subsequently rejected or not processed due to documentation issues. But, shareholders are not barred from holding shares in physical form.

(h) *The distribution of shareholding as on March 31, 2026:*

Shareholding Range	DEMAT		PHYSICAL		Total No. of share holders	%	No. of shares	% of share holdings
	Holders	No. of Shares	Holders	No. of Shares				
1 – 500	59,328	5,800,364	19,561	789,233	78,889	91.14	6,589,597	9.92
501 – 1000	3,727	2,963,290	197	143,627	3,924	4.53	3,106,917	4.68
1,001 – 2000	1,819	2,742,642	102	139,599	1,921	2.22	2,882,241	4.34
2,001 – 3000	604	1,541,542	28	69,447	632	0.73	1,610,989	2.43
3,001 – 4000	283	1,017,262	10	35,278	293	0.34	1,052,540	1.58
4,001 – 5000	235	1,113,594	7	30,595	242	0.28	1,144,189	1.72
5,001 – 10,000	385	2,847,379	6	38,712	391	0.45	2,886,091	4.35
10,001 & above	262	45,134,091	3	2,007,416	265	0.31	47,141,507	70.98
Total	**66,643**	**63,160,164**	**19,914**	**3,253,907**	**86,557**	**100.00**	**66,414,071**	**100.00**

(i) *Shareholding pattern as on March 31, 2026:*

Category	No. of Shareholders	No of shares held	% of Shareholding
Promoters	10	33,034,787	49.74
Banks/FIs	15	31,969	0.05
Insurance Companies	1	754,484	1.14
Foreign Portfolio Investors	7	778,143	1.17
Indian Public	82,988	26,111,436	39.32
Bodies Corporate	279	1,708,906	2.57
NRIs / OCBs	877	757,603	1.14
Clearing Members	3	1,250	0.00
Trusts	2	5,058	0.01
Foreign Overseas corporate bodies	1	1,896,044	2.85
Foreign National	2	618	0.00
HUF	1013	1,234,182	1.86
LLP	19	99,591	0.15
Total	**85,217**	**66,414,071**	**100.00**

(j) *Dematerialization of shares and liquidity:*

The paid up equity capital of the Company as on March 31, 2026 was ₹ 664,140,710/- (66,414,071 Shares of ₹10/- each). 63,027,375 equity shares representing 95.10% of the Equity Capital were held in dematerialized form as on March 31, 2026. There were 3,253,907 equity shares representing 4.90% in physical mode. The Company has sent reminders to the shareholders to update KYC pursuant to SEBI Master Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/91 dated June 23, 2025 along with the notice under regulation 36(1)(b) of SEBI Listing Regulations.

The Company has arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate holding of the Shares in electronic form. The Company's Equity Shares are traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

(k) *There were no outstanding GDRs/ADRs/Warrants or any other convertible instruments.*

(l) *There is no commodity price risk or foreign exchange risk and no hedging activities during the year 2025-26.*

(m) *Plant locations*

Details of addresses of plant locations are mentioned on page no. 3 of the Annual Report.

(n) *Address for correspondence:*

The Compliance Officer
Kirloskar Electric Company Limited
No. 19, 2nd Main Road, Peenya 1st Stage, Phase – 1,
Peenya, Bangalore – 560 058
Telephone: 080 – 28397256; Fax: 080 – 28396727
Email: investors@kirloskarelectric.com
Website Address – www.kirloskarelectric.com

(o) *Credit ratings obtained by the Company:*

Credit ratings obtained for the financial year 2025-26 for all debt instruments:

Rating Agency	Credit Rating	
CRISIL Ratings Limited	Fund-based	Crisil B+
	Non-fund-based	Crisil A4

Other disclosures:

(a) Related party transactions policy:

The Policy on the related party transaction is available on the Company's website and the link is provided hereunder; https://www.kirloskarelectric.com/investors/investors-information/policies.html

(b) Disclosures on materially significant related party transactions:

No materially significant related party transactions took place in the financial year 2025-26.

(c) Details of non-compliance:

There were no non compliance reported during the period under review.

(d) Whistle Blower Policy/Vigil Mechanism:

The Company has established a mechanism for the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics. This mechanism will also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases.

The whistle blower policy is available on the Company's website and the link is provided here under https://www.kirloskarelectric.com/investors/investors-information/policies.html

(e) Policy on Material Subsidiary:

The Company has adopted a Policy on Material Subsidiary in line with the requirements of the Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy for determining material subsidiaries has been disclosed on the website and the link is provided hereunder https://kirloskarelectric.com/investors/investors-information/policies.html

However, during the financial year 2025-26, the Company did not have any 'Material Subsidiary' as defined under Regulation 16(1)(c) of the SEBI Listing Regulations.

Consequently, the requirements to disclose the date and place of incorporation, or the name and date of appointment of the statutory auditors for such subsidiaries, are **Not Applicable**.

(f) There are no commodity price risks and commodity hedging activities.

(g) No funds were raised through preferential allotment or qualified institutional placement during the year 2025-26.

(h) Disclosure in relation to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

Sl. No	Particulars	Status
1	No of complaints filed during the financial year	Nil
2	No of complaints disposed off during the financial year	Nil
3	No. of complaints as at the end of the financial year	Nil

(i) Details of compliance with mandatory requirements and adoption of the non mandatory requirements:

The Company has complied with the all the mandatory requirements of SEBI Listing Regulations. Specifically, your Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and Regulation 46 read with

Schedule V of the Listing Regulations.

The Board periodically reviews compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by it to rectify instances of non-compliances, if any.

The extent of adoption of non-mandatory requirements is as follows:

Discretionary requirements under part E of Schedule II of SEBI Listing Regulations

- The Board:

  The Chairman of the Company is an Executive Director. He maintains his office at the Company's expense and is also allowed reimbursement of expenses incurred in performance of his duties. As on date, the positions of the Chairman and the CEO/MD are separate.

- Modified opinion(s) in the audit report:

  The details of audit qualifications are mentioned elsewhere in this annual report.

- Shareholder Rights:

  Since the Company publishes its quarterly results in newspapers (Business Standard & Prajavani) 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 quarterly performance to the shareholders.

- Reporting of internal auditor:

  The internal auditors report directly to the Audit Committee and make presentations to the Audit Committee on their reports.

(j) The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to its respective statutory auditor are available in the Note no. 33 (ix) of Notes to accounts.

(k) The certificate regarding the compliance of conditions of Corporate Governance from the Statutory Auditors of the Company is attached as **Annexure 1** in this Report.

(l) The Certificate from M/s. SP Ghali & Co., Company Secretaries, Belgaum 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. The Certificate is enclosed with this section as **Annexure - 2.**

(m) There were no shares lying in the suspense account as on March 31, 2026 (Pursuant to Regulation 34(3) and Schedule V Part F of the SEBI Listing Regulations.

(n) **Disclosure of certain types of agreements binding listed entities:** There are no agreements entered between the company and shareholders / promoters / promoter group / related parties / directors / KMP / employees of Company or of its holding, Subsidiary or Associate Company either directly or indirectly, whose purpose is to impact the management or control of the Company or impose any restriction or create any liability upon the Company.

(o) During the financial year 2025-26, neither the Company nor its subsidiaries have granted any loans or advances in the nature of loans to firms, companies, or entities in which the directors of the Company are interested.

- The Company has complied with all the mandatory requirements of the Corporate Governance Report as specified in sub-paras (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations. There are no instances of non-compliance, and therefore, no explanations or reasons are required to be disclosed.
- The Company has fully complied with all the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations. The necessary disclosures demonstrating this compliance have been incorporated throughout the relevant sections of this Corporate Governance Report.

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Declaration signed by the Chief Executive Officer stating that the members of Board of directors and senior management personnel have affirmed compliance with the Code of Conduct of Board of directors and senior management.

The Listing Regulations require listed companies to lay down a code of conduct for directors and senior management, incorporating duties of directors as laid down in the Act. Accordingly, the Company has a Board approved code of conduct for all Board members and Senior Management of the Company and the same is posted on the website of the Company.

It is confirmed that all the Board members and senior managers have affirmed compliance with the Code of Conduct of the Company, for the year 2025-26.

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Sd/-
Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: 16.07.2026

Annexure - 1

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
Members of Kirloskar Electric Company Limited,
No.19, 2nd Main Road,
Peenya 1st Stage, Phase – I,
Peenya, Bangalore - 560058

1. We, K.N Prabhashankar & Co. Chartered Accountants, Bangalore (Firm Registration no. 004982S) Statutory Auditors of Kirloskar Electric Company Limited ("the Company") CIN:L31100KA1946PLC000415, have examined the compliance of the conditions of Corporate Governance by the Company, for the year ended on 31 March 2026, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2026.

6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **K.N Prabhashankar & Co.,**
Chartered Accountants
Firm Regn. No. 004982S

Sd/-
A. Umesh Patwardhan
Partner
M. No. 222945
UDIN: 26222945QAVYVP5190

Place: Bengaluru
Date: 30.06.2026

Annexure - 2

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,

Kirloskar Electric Company Limited,

No.19, 2nd Main Road, Peenya 1st Stage Phase-1,

Peenya, Bengaluru - 560058

Karnataka, India

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kirloskar Electric Company Limited** having CIN: L31100KA1946PLC000415 and having registered office at No.19, 2nd Main Road, Peenya 1st Stage Phase-1, Peenya, Bengaluru 560058 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company for the Financial Year ended on 31st March, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India and/ or Ministry of Corporate Affairs or any such other Statutory Authority.

Sr.No	DIN / PAN	Name	Designation	Category	Date of Appointment	Cessation Date
1.	08715119	Ravi Ghai	Director	Independent	12/07/2022	-
2.	00286774	Meena Kirloskar	Director	Promoter	31/07/2009	-
3.	02741371	Suresh Kumar	Director	Independent	30/09/2020	-
4.	06650798	Anand BalaramacharyaHunnur	Managing Director	Professional	12/07/2022	-
5.	00031253	Vijay Ravindra Kirloskar	Whole Time Director	Promoter	17/08/1985	-
6.	00309238	Janaki Kirloskar	Additional Director	Professional	26/05/2026	-
7.	00264525	Mohammed Saad Bin Jung	Director	Independent	06/08/2024	-
8.	01507096	Pangal Ranganath Nayak	Director	Independent	06/08/2024	-
9.	00309266	Rukmini Kirloskar	Director	Independent	23/05/2024	-
10.	00487956	Kanekal Nettakallappa Shanth Kumar	Director	Independent	23/05/2024	-

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SP Ghali & Co.,
Company Secretaries

Sd/-
Sudheendra P Ghali
Proprietor
Membership No. F7037
COP no.: 7537
UDIN: F007037H000718077
Peer Review C no. S2017KR518300

Place: Belgaum
Date: 30.06.2026

INDEPENDENT AUDITORS' REPORT

To the Members of

KIRLOSKAR ELECTRIC COMPANY LIMITED, BENGALURU

Report on the Audit of the Standalone Financial Statements

Opinion on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **KIRLOSKAR ELECTRIC COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2026, and 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 significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the Standalone Ind AS financialstatements 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

a. Going Concern Assessment – Effect of erosion in net worth of the company

- Note 36(16) of the Standalone Ind AS financial statements – The directors have detailed the reasons for preparing these Standalone Ind AS financial statements on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) has accumulated losses and their net worth (after excluding Revaluation Reserve) is eroded. There are certain overdue payments to creditors.
- We have relied on the representations made by the Company and the appraisal of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. The appropriateness of the said basis of Going Concern is subject to the Company adhering to the restructuring plan and infusion of requisite funds. Hence, we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

1. We draw attention to Note 36(15) of the Standalone Ind AS financial statements which describes the Scheme of Merger between Kirloskar Electric Company Limited and its Subsidiaries, Kelbuzz Trading Private Limited, Luxqusite Parkland Private Limited, SKG Terra Promonede Private Limited and SLPKG Estate Holding Private Limited approved by the Hon'ble National Company Law Tribunal ("NCLT") vide order dated April 30, 2026, with the appointed date being April 01, 2024. Pursuant to the said Scheme, the Company has accounted for the merger in accordance with the applicable provisions of Ind AS 103, Business Combinations, and other applicable accounting principles prescribed under the Companies Act, 2013.

   Accordingly, the accompanying Standalone Ind AS financial statements include the effect of the aforesaid merger and the comparative financial information, wherever applicable, has been restated/recast in accordance with the approved Scheme and applicable accounting standards.

   Our opinion is not modified in respect of this matter.

2. Attention of the members is invited to Note 36(17) of the Standalone Ind AS financial statements which sets out that the

Company has filed Special Leave Petition in respect of demand of resale tax penalty of ₹ 527 lakhs before the Honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation.

Our opinion is not modified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Standalone Ind AS financial statements and our auditor's report thereon. Our opinion on the Standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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.

Responsibility of Management and Those Charged with Governance for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Standalone Ind AS 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 accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS 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 Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. We did not audit the financial statement/information of One branch of the Company, included in the financial results of the Company for the quarter ended and year ended March 31, 2026, whose financial statements/information reflect total assets of ₹1,175.87 lakhs as at March 31, 2026, and total revenues of ₹2,483.91 lakhs for the year ended on that date. The financial statements/information of the said branch has been audited by the other auditors whose report has been furnished to us and our opinion on the year-to-date standalone results to the extent they have been derived from such financial statements is based solely on the report of other auditor. Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of 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 purpose of our audit;

   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

   c. The report on the accounts of the Ajman office in UAE of the Company audited under Section 143(8) of the Act by the branch auditors have been forwarded to us and have been duly dealt with by us while preparing this report;

   d. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts;

   e. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules as amended;

   f. 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 directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act;

   g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B";**

   h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   i. With respect to the other matters to be included in the Auditors' 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 have disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 36(1a) to the Standalone Ind AS financial statements;

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under applicable laws or accounting standards;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("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; (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("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 that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(d) The Company has not declared or paid any Dividend during the year.

(e) Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a 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, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

As per Rule 3 (1) of Companies (Accounts) Rules, 2014 is applicable for financial year ended March 31, 2026, reporting under 11(g) of Companies (Audit and Auditors) Rule 2014 on preservation of audit trail as per statutory requirements for record retention is applicable for the financial year ended March 31, 2026.

For **K N Prabhashankar & Co.,**
Chartered Accountants
Firm Reg. No. 004982S

A.Umesh Patwardhan
Partner
M. No.222945
UDIN: 26222945QSMGPQ7075

Place: Bengaluru
Date: May 26, 2026

Annexure 'A' to the Auditors' Report

The Annexure referred to in our report to the members of Kirloskar Electric Company Limited for the year ended March 31, 2026. We report that:

i) a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, plant and equipment (PPE).

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

b) Management has physically verified these PPE in various units as per a phased program of physical verification, which is at reasonable intervals. The discrepancies noticed on such verification were not material however the same has been properly dealt with in the books of account.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

d) The Company has not revalued its Property, Plant and Equipment and Intangible Assets during the year.

e) According to the information and explanations given to us, there are no proceedings which has been initiated or pending against the Company for holding any benami property under Benami Transactions (Prohibition) Act, 1988. Hence, reporting whether the Company has appropriately disclosed in the financial statements or not does not arise.

ii) a) With regard to inventory, physical verification has been conducted by the management at reasonable intervals and certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical verification taken from time to time. No material discrepancies were noticed.

b) As per the explanations provided to us and records verified by us, the Company has been sanctioned working capital limits in excess of ₹Five crores, in aggregate, from banks on the basis of security of current assets during the financial year and the quarterly returns/ statements filed by the company with the banks are in agreement with the books of account of the Company and no material discrepancies were noticed.

iii) a) The Company has not made investments not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.

Since the Company has not made investment, not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year, reporting under clause 3(iii)(a), (c), (d), (e) & (f) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of investments made or guarantees given to the wholly owned subsidiaries covered under section 186 of the Companies Act, 2013. There were no loans given nor securities provided to wholly owned subsidiaries covered under section 186 of the Companies Act, 2013.

v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the said Act and the rules framed there under, with regard to deposits accepted from the public. There were no delays in repayment of deposits during the financial year ended March 31, 2026 and the management has represented to us that there are no deposits unpaid as laid down in section 74 and other relevant provisions of the Companies Act, 2013. Further and according to the information by the Company, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and read with paragraph 2 above regarding inventory records, we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of such records.

vii) a) The Company has been regular in depositing undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Duty of Customs, Cess and any Other Statutory Dues barring delays in few cases in certain months in respect of provident fund. According to the information and explanations given to us, there are no undisputed amounts payable in respect of above-mentioned statutory dues which 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, the following dues of Sales Tax, Value Added Tax and Income Tax had not been deposited as of March 31, 2026 with the relevant authorities on account of disputes.

(₹ In lakhs)

Name of the statue	Nature of the dues	Amount (₹ in Lakhs.)	Period to which the amount relates	Forum where dispute is pending
Karnataka Sales Tax Act, 1957	Resale tax demanded	228.90	2003 - 2005	Supreme Court
The Central Sales Tax Act, 1956 & The Bombay Sales Tax Act, 1959	Sales tax demand	354.13	1999-00, 2003-05, 2005-06, 2007-08, 2008-09 & 2011-12	Joint Commissioner of Commercial Taxes
Goods & Services Tax Act, 2017 - Mumbai	Sales tax Demand	47.82	2018-19, 2019-20 & 2020-21	Joint Commissioner GST
Goods & Services Tax Act, 2017	Transitional Input Tax Credit	1,147.12	2017-18	Additional Commissioner of Central Tax
Goods & Services Tax Act, 2017 - Hyderabad	Irregular Availment of GST	9.22	2020-21	Joint Commissioner GST

viii) As per the information and explanations given to us, there were no such transactions relating to previously unrecorded income that 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) In our opinion and according to the information and explanations given to us, there were no loans taken by the Company from the Government or from the debenture holders. The Company has not defaulted in repayment of loans or borrowings to banks and financial institutions.

b) As per the information and explanations given to us, the Company is not a declared wilful defaulter by any bank or financial institution or other lender.

c) In our opinion and according to the information and explanations given to us, the Company has no term loans. Hence the question of reporting on the application of such term loans does not arise.

d) According to the information and explanations given to us and the procedures performed by us, and on an overall examination of the 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) As per the information and explanations given to us and on the basis of our examination of books and records, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) As per the information and explanations given to us and on the basis of our examination of books and records, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, reporting under clause 3(x)(a) of the Order is not applicable

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. Hence, reporting on the compliance under Section 42 and Section 62 of the Companies Act, 2013 does not arise.

xi) a) According to the information and explanation given to us and on the basis of examination of books and records, there were no frauds by the Company or on the Company that has been noticed or reported during the year.

b) As there were no frauds noticed or reported during the year, filing of report under sub-section (12) of section 143 of the Companies Act by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government does not arise.

c) According to the information and explanation given to us and basis of our examinations of books and records, there were no Whistle-blower complaints received during the year.

xii) The Company is not a Nidhi Company. Hence, reporting under clause (xii) of the said Order does not apply.

xiii) In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

xiv) a) In our opinion, the Company has an adequate Internal audit system commensurate with the size and the nature of its business.

b) We have considered the internal audit reports for the year under audit issued to the Company in determining the nature, timing and extent of our audit procedures.

xv) According to the information and explanations given, the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, and hence provision of Section 192 of the Companies Act, 2013 are not applicable to the company.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

xviii)There has been no resignation of the statutory auditors of the Company during the year.

xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and as per our knowledge of the Board of Directors and Management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report indicating that

Company is not capable of meeting its liabilities existing at the balance sheet as and when they fall due within a period of one year from the balance sheet date.

xx) a) In respect of other than ongoing projects, the Company has no unspent Corporate Social Responsibility (CSR) amount as at the Balance Sheet date out of the amounts that was required to be spent during the year, hence transfer of unspent amount to a Special Account in compliance with the provision of sub-section (5) of section 135 of the said Act till the date of our report since the time period for such transfer i.e. 6 months from the end of the financial year does not arise.

b) The Company did not have any ongoing projects at the end of financial year and hence reporting whether, in respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act does not arise.

xxi) Being reporting on Standalone Company, reporting on adverse remarks included in the Consolidated financial statements does not arise.

For **K N Prabhashankar & Co.,**
Chartered Accountants
Firm Reg. No. 004982S

A.Umesh Patwardhan
Partner
M. No.222945
UDIN: 26222945QSMGPQ7075

Place: Bengaluru
Date: May 26, 2026

Annexure 'B' to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Kirloskar Electric Company Limited** (“the Company”) as of March 31, 2026 in conjunction with our audit of the Standalone Ind AS 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 ('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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting 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 **K N Prabhashankar & Co.,**
Chartered Accountants
Firm Reg. No. 004982S

A.Umesh Patwardhan
Partner
M. No.222945
UDIN: 26222945QSMGPQ7075

Place: Bengaluru
Date: May 26, 2026

BALANCE SHEET AS AT MARCH 31, 2026

₹ In lakhs

Particulars	Note No.	As at March 31,2026	As at March 31,2025
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	43,165.61	43,522.89
(b) Investment property	4	508.36	1,056.92
(c) Other intangible assets	5	5.49	20.93
(d) Financial assets			
(i) Investments	6	202.07	208.70
(ii) Trade receivables	7	273.60	205.27
(iii) Other financial assets	8	23.67	57.79
(e) Other non-current assets	9	1,327.94	1,975.92
Total non-current assets		**45,506.74**	**47,048.42**
Current assets			
(a) Inventories	10	5,370.36	4,538.80
(b) Financial assets			
(i) Trade receivables	11	8,397.45	5,889.21
(ii) Cash and cash equivalents	12	1,917.40	1,682.75
(iii) Other Bank balances	13	1,275.23	1,231.60
(c) Other current assets	14	895.88	815.28
Total current assets		**17,856.32**	**14,157.64**
TOTAL ASSETS		**63,363.06**	**61,206.06**
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	15	6,641.41	6,641.41
(b) Other equity	16	6,594.01	5,931.49
TOTAL EQUITY		**13,235.42**	**12,572.90**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	17	640.74	630.18
(b) Provisions	18	3,593.23	2,693.84
(c) Deferred tax liabilities (net)	19	4,834.76	4,946.12
(d) Other non-current liabilities			
Total non current liabilities		**9,068.73**	**8,270.14**

₹ In lakhs

Particulars	Note No.	As at March 31,2026	As at March 31,2025
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	10,032.85	11,610.52
(ii) Trade payables			
(1) dues to micro, small and medium enterprises, and	21(1)	1,581.10	861.10
(2) dues to creditors other than micro, small and medium enterprises	21(2)	16,826.10	16,960.31
(iii) Other financial liabilities	22	-	1.41
(b) Provisions	23	2,184.04	1,749.71
(c) Other current liabilities	24	10,404.48	9,161.39
(d) Current tax liabilities (net)	25	30.34	18.58
Total current liabilities		**41,058.91**	**40,363.02**
TOTAL EQUITY AND LIABILITIES		**63,363.06**	**61,206.06**
Significant accounting policies and notes attached form an integral part of the financial statements	**1 - 36**		

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No: 222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2026

₹ in Lakhs

	Particulars	Note No.	March 31,2026		March 31,2025	
I	Revenue from operations	26		58,933.64		54,382.39
II	Other income	27		1,105.83		697.78
III	**Total income (I + II)**			**60,039.47**		**55,080.17**
IV	**Expenses:**					
	Cost of materials consumed	28	41,642.71		37,861.19	
	Changes in inventories of finished goods, work in progress and Stock-in-Trade	29	(677.24)		219.81	
				40,965.47		38,081.00
	Employee benefit expenses	30		7,811.05		7,546.27
	Finance costs	31		2,547.52		2,432.44
	Depreciation and amortization expenses	32		434.21		489.16
	Other expenses	33		6,597.19		6,785.04
				58,355.44		**55,333.91**
	Less: expenses capitalised			-		**0.05**
	Total expenses			**58,355.44**		**55,333.86**
V	**Profit before exceptional items and tax (III-IV)**			**1,684.03**		**-253.69**
VI	Exceptional Items	34		(808.52)		994.97
VII	**Profit before tax (V-VI)**			**875.51**		**741.28**
VIII	**Tax expense:**	25A				
	Current tax		30.34		25.22	
	Deferred tax		-	**30.34**	**-**	**25.22**
IX	**Profit for the year (VII - VIII)**			**845.17**		**716.06**
X	**Other comprehensive income**					
	(i) Items that will not be reclassified to profit or loss:					
	a) Remeasurements of the defined benefit plans		78.62		45.36	
	b) Taxes on above		(21.87)		(12.62)	
	(ii) Items that will be reclassified to profit or loss:					
	a) Mark to Market of Investments		(6.63)		13.23	
	b) Revaluation gain on Land (Refer note-3)		(366.00)		-	
	c) Taxes on above		133.23	**(182.65)**	2,821.43	**2,867.40**

₹ in Lakhs

	Particulars	Note No.	March 31,2026		March 31,2025	
XI	**Total comprehensive income for the year (IX+X)**			**662.52**		**3,583.45**
XII	**Earning per equity share (for continuing operations & combined)**	35				
	Basic (in ₹)			**1.27**		**1.08**
	Earning per equity share (for continuing operations & combined)	35				
	Diluted (in ₹)			**1.27**		**1.08**
	(Paid up value per share)			10.00		10.00

Significant accounting policies and notes attached form an integral part of the financial statements **1 - 36**

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No: 222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

₹ in Lakhs

Particulars	March 31, 2026		March 31, 2025	
	Audited		Audited	
Cash flows from operating activities				
Profit before taxation		875.51		741.28
Adjustments for:				
Depreciation and amortisation	434.21		489.16	
Provisions (net)	1,458.26		(5,703.21)	
Profit on sale of fixed assets	(772.89)		0.32	
Interest income	(102.67)		(111.20)	
Dividends received	(1.10)		(0.63)	
Finance costs	2,547.52		2,432.44	
		3,563.33		**(2,893.12)**
		4,438.84		**(2,151.84)**
(Increase)/ decrease in trade and other receivables	(2,709.63)		8,128.37	
(Increase)/ decrease in inventories	(831.56)		240.45	
Increase/ (decrease) in trade payables and other current liabilities	1,839.44		(1,294.20)	
		(1,701.75)		**7,074.62**
		2,737.09		**4,922.78**
Income taxes paid		92.69		102.70
Net cash from operating activities		**2,644.40**		**4,820.08**
Cash flows from investing activities				
Purchase of property, plant and equipment	301.46		(388.55)	
Proceeds from sale of property, plant and equipment	776.65		0.23	
Decrease in value of investments	-		701.90	
Proceeds from sale of investment property	548.56		-	
Change in investment property on merger	-		(1,056.92)	
Deficit on merger	-		(1,551.29)	
Interest received	98.59		97.08	
Increase in margin money and short term deposits	(9.51)		128.15	
Dividend received	1.10		0.63	
Net cash from investing activities		**1,716.85**		**(2,068.77)**
Cash flows from financing activities				
ICD's accepted net	1,000.00		400.00	

₹ in Lakhs

Particulars	March 31, 2026		March 31, 2025	
	Audited		Audited	
ICD's repaid net	(1,436.80)		(391.77)	
Repayment of fixed deposits from public	-		(10.00)	
Increase/ (decrease) of short term borrowings (net)	(1,140.87)		(162.50)	
Finance costs	(2,548.93)		(2,540.77)	
Net cash from financing activities		**(4,126.60)**		**(2,705.04)**
Net increase/(decrease) in cash and cash equivalents		**234.65**		**46.27**
Cash and cash equivalents at beginning of the year		1,682.75		1,636.48
Cash and cash equivalents at end of the year		**1,917.40**		**1,682.75**

Cash & Cash equivalents:

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS-7, 'Statement of Cash Flow'. Cash and cash equivalents are net of bank overdrafts as required under Ind AS-7. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:

Cash on hand and bank balances	3,192.63	2,914.35
Less: Other bank balances	1,275.23	1,231.60
Cash and cash equivalents as restated	**1,917.40**	**1,682.75**

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No: 222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

1. BACKGROUND:

Kirloskar Electric Company Limited ("the Company") was incorporated in the year 1946 and is a Listed Indian Company engaged in the manufacture and sale of electric motors, alternators, generators, transformers, switchgear, DG sets etc.

2. SIGNIFICANT ACCOUNTING POLICIES:

a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements of the company have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Freehold Land classified as Own assets and Leasehold Land classified as Assets taken on Finance Lease
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

b. USE OF ESTIMATES:

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which such changes are made. Examples of such estimates are estimation of useful life of assets, defined benefit obligations as per actuarial valuation, allowance for life time credit losses, warranty obligations, net realizable value of inventories etc.

c. FUNCTIONAL AND PRESENTATION CURRENCY:

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All the financial information is presented in Indian Rupees (₹) rounded to the nearest Lakhs, except Share and Earning per share data, unless otherwise stated.

d. FAIR VALUE MEASUREMENT

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

* Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
* Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
* Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e. PROPERTY, PLANT AND EQUIPMENT ("PPE"):

(i) Tangible Assets:

Land has been recognized on the revaluation model envisaged in Ind AS 16. Revaluations are carried out at sufficient regularity. Other items of PPE are stated at the cost of acquisition less accumulated depreciation and write down for impairment, if any. Direct costs are capitalized until the assets are ready to be put to use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, which do not meet the definition of PPE as per Ind AS 16 are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of PPE and are recognized in the statement of profit and loss when the PPE is derecognized.

(ii) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets comprise computer software held for use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

In both cases, the company has opted for the exemption provided in Ind AS 101 by treating the book value of PPE (other than land which was revalued on April 01,2016) and intangible assets as on the transition date (April 01,2016) as the deemed cost of the relevant assets.

(iii) Depreciation & Amortization:

a. Depreciation on furniture and fixtures costing above ₹ 5,000/- provided at the residences of the employees has been charged at the rate of 33.33% on the straight-line method irrespective of the month of addition.

b. Depreciation on assets taken on finance lease is charged over the primary lease period.

c. Depreciation on PPE (other than Furniture and Fixtures provided to employees and assets taken on finance lease) bought/sold during the year is charged on straight line method as per the useful life in Schedule II of Companies Act, 2013 on a monthly basis, depending upon the month of the financial year in which the assets are installed/sold.

d. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

f. INVESTMENT PROPERTIES:

a. Investment properties are properties held for a currently undetermined future use and are valued at cost.

b. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the standalone statement of profit and loss in the period in which the property is derecognized.

g. NON CURRENT ASSETS HELD FOR SALE:

Non Current Assets held for sale are stated at cost or estimated net realizable value, whichever is lower.

h. INVENTORIES:

(i) Inventories does not include spare parts, servicing equipment and stand by equipment which meet definition of PPE as per AS-10 (revised) .

(ii) Raw materials, stores, spare parts and components are valued at cost on weighted average basis or net realizable value whichever is lower.

(iii) Work in progress is valued at works cost or net realizable value whichever is lower.

(iv) Finished goods are valued at works cost or net realizable value whichever is lower.

(v) Material cost of work in progress and finished goods are computed on weighted average basis.

i. REVENUE RECOGNITION:

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 01 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 01 April 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) -'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

j. EMPLOYEE BENEFITS:

(i) Short term employee benefits:

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognized on an undiscounted basis and charged to the statement of profit and loss.

(ii) Post employment benefits:

a. Defined contribution plans:

The Company has contributed to provident, pension and superannuation funds which are defined contribution plans. The contributions paid/ payable under the scheme are recognized during the year in which employee renders the related service.

b. Defined benefit plans:

Employees' gratuity is defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the other comprehensive income.Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms that matches to the defined benefit obligation.Gratuity to employees is covered under Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.

c. Compensated Absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the statement of profit and loss in the year in which they arise.

k. FOREIGN CURRENCY TRANSACTIONS:

(i) Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction / rates that approximate the actual rates as at that date.

(ii) Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. All exchange differences are accounted for in the statement of profit and loss.

(iii) Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

(iv) Branches are considered as integral foreign operations and have been translated at rates prevailing on the date of transaction/rate that approximates the actual rate as at that date. Branch monetary assets and liabilities outstanding as at year end are restated at the year end rates.

l. TAXATION:

Income tax expense is the sum of current tax and deferred tax.

Current tax:

The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss due to the effect of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

m. BORROWING COSTS:

Interest and other borrowing costs on specific borrowings relatable to qualifying assets are capitalized up to the date such assets are ready for use / intended to use. Other interest and borrowing costs are charged to the statement of profit and loss.

n. LEASES:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii)Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

o. PROVISIONS AND CONTINGENT LIABILITIES:

(i) A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(ii) Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

(iii)Provisions for warranty-related costs are recognized when the service provided to the customer. Initial recognition is based on historical experience and the present value of the future estimated obligation. The initial estimate of warranty-related costs is revised annually. The annual rewinding of interest is recognized in the Statement of Profit and Loss.

(iv)A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p. FINANCIAL INSTRUMENTS:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

(i) Cash and Cash Equivalents:

Cash and Cash Equivalents comprise cash and deposit with banks other than for term deposit earmarked for Bank Guarantee. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(ii)Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these 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.

(iii)Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

q. IMPAIRMENT:

(i) Financial Assets:

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii)Investment in Subsidiaries and Associates:

The Company has accounted for its investments in Subsidiaries and Associates at cost less impairment loss (if any).

(iii)Other Equity Investments:

All other equity instruments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

(iv)Non Financial Assets:

A non financial asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to statement of profit and loss, in the year in which an asset is identified as impaired.

r. EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of 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 are adjusted for the effects of all dilutive potential equity shares.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

(a) Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the Beginning of the year	6,641.41	6,641.41
Changes in equity share capital during the year	-	-
Balance at the end of the year	**6,641.41**	**6,641.41**

(b) Other Equity

₹ in Lakhs

Particulars	Capital redemption reserve	Capital reserve	Securities premium	Retained earnings	Reconstruction reserves	Total (A)	Other Comprehensive Income: Items that will be reclassified to profit or loss		Other Comprehensive Income: Items that will not be reclassified to profit or loss	Total (B)	Total Other equity (A+B)
							Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee benefits		
Total comprehensive income as at March 31, 2024	**2,401.75**	**18.06**	**4,410.84**	**(35,874.96)**	**641.67**	**(28,402.64)**	**116.78**	**32,100.81**	**84.38**	**32,301.97**	**3,899.33**
Add/(Less): Effect of scheme of merger (Refer Note 36(15))				(1,551.29)		(1,551.29)	-	-	-	-	(1,551.29)
Add/(Less): profit/(Loss) for the year	-	-	-	716.05	-	716.05	13.23	-	-	13.23	729.28
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	45.36	45.36	45.36
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	(0.54)	2,821.97	(12.62)	2,808.81	2,808.81
Total comprehensive income as at March 31, 2025	**2,401.75**	**18.06**	**4,410.84**	**(36,710.20)**	**641.67**	**(29,237.88)**	**129.47**	**34,922.78**	**117.12**	**35,169.37**	**5,931.49**
Add/(Less): profit/(Loss) for the year	-	-	-	845.17	-	845.17	(6.63)	(366.00)	-	(372.63)	472.54
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	78.62	78.62	78.62
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	0.95	132.28	(21.87)	111.36	111.36
Total comprehensive income as at March 31, 2026	**2,401.75**	**18.06**	**4,410.84**	**(35,865.03)**	**641.67**	**(28,392.71)**	**123.79**	**34,689.06**	**173.87**	**34,986.72**	**6,594.01**

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

A. Umesh Patwardhan
Partner
Membership No:222945

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No: 222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

Place: Bengaluru
Date: May 26, 2026

NOTES TO FINANCIAL STATEMENTS

3 Property plant and equipment:

₹ In Lakhs

Tangible assets	Own Assets									Assets taken on Finance Lease	Total
Gross block	**Land**	**Building**	**Plant and equipment**	**Tools & Jigs**	**Electrical installations**	**Motor vehicles**	**Office equipments**	**Furniture and fittings**	**Leasehold improvements**	**Land**	
Balance as at March 31, 2024	**35,447.24**	**5,040.54**	**15,356.07**	**1,951.49**	**154.59**	**393.48**	**397.42**	**574.63**	**313.35**	**4,920.10**	**64,548.91**
Additions	-	59.19	137.24	27.24	-	-	6.08	7.54	-	-	237.29
Disposals	-	-	2.54	-		-	1.61	10.39	-	-	14.54
Balance as at March 31, 2025	**35,447.24**	**5,099.73**	**15,490.77**	**1,978.73**	**154.59**	**393.48**	**401.89**	**571.78**	**313.35**	**4,920.10**	**64,771.66**
Additions	4921.44	4.85	391.20	4.76	0.50	-	25.09	3.51	-		5351.35
Revaluation (Refer note 3 below)	366.00										366.00
Disposals	3.39	-	0.92	0.02	-	-	5.09	3.85	-	-	4933.37
Balance as at March 31, 2026	**39,999.29**	**5,104.58**	**15,881.05**	**1,983.47**	**155.09**	**393.48**	**421.89**	**571.44**	**313.35**	**4,920.10**	**64,823.64**
Accumulated depreciation											
Balance as at March 31, 2024	**-**	**2,990.09**	**14,743.41**	**1,616.51**	**154.52**	**303.70**	**255.60**	**558.45**	**169.45**	**-**	**20,791.73**
Depreciation charge for the year	-	157.05	192.24	61.49	0.07	12.08	32.01	5.87	10.47	-	471.28
Disposals	-	-	2.54	-	-	-	1.60	10.10	-	-	14.24
Balance as at March 31, 2025	**-**	**3,147.14**	**14,933.11**	**1,678.00**	**154.59**	**315.78**	**286.01**	**554.22**	**179.92**	**-**	**21,248.77**
Depreciation charge for the year	-	158.12	138.51	58.62	0.03	12.08	34.36	6.58	10.47	-	418.77
Disposals	-	-	0.92	-	-	-	5.03	3.56	-	-	9.51
Balance as at March 31, 2026	**-**	**3,305.26**	**15,070.70**	**1,736.62**	**154.62**	**327.86**	**315.34**	**557.24**	**190.39**	**-**	**21,658.03**
Net block											
Balance as at March 31, 2024	35,447.24	2,050.45	612.66	334.98	0.07	89.78	141.82	16.18	143.90	4,920.10	43,757.18
Balance as at March 31, 2025	35,447.24	1,952.59	557.66	300.73	-	77.70	115.88	17.56	133.43	4,920.10	43,522.89
Balance as at March 31, 2026	**39,999.29**	**1,799.32**	**810.35**	**246.85**	0.47	**65.62**	**106.55**	**14.20**	**122.96**	**4,920.10**	**43,165.61**

Additional information:

1) Land acquired on lease from KIADB at a cost of ₹ 68.70 Lakhs was converted to freehold by paying the requisite conversion fee on 21 August, 2025 and completion of requisite formalities, including execution of the sale deed. Consequently the company has obtained freehold title and the land is classified as freehold land from the effective date of conversion.
2) Management has determined that there are no significant parts of assets whose useful life is different from that of the principal asset to which it relates to in terms of Note 4 Schedule II to the Companies Act, 2013. Accordingly, useful life of assets have been determined for the overall asset and not for its individual components.
3) During the current year ended March 31,2026, the Company has sold 1.06 acres of non core asset situated at Gokul road Hubbali and accordingly the revaluation gain of ₹ 366 lakhs recognised earlier has been reversed.

NOTES TO FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
4	**Investment property:**		
	Land & Building	508.36	1,056.92
		508.36	**1,056.92**

5 Other intangible assets

₹ In Lakhs

Gross block	Goodwill	Computer software	Technical knowhow & product development	Total
Balance as at March 31, 2024	**423.46**	**665.90**	**149.23**	**1,238.59**
Additions	-	-	-	-
Revaluation	-	-	-	-
Disposals	-	159.03	-	159.03
Balance as at March 31, 2025	**423.46**	**506.87**	**149.23**	**1,079.56**
Additions		-		-
Disposals	-		-	-
Balance as at March 31, 2026	**423.46**	**506.87**	**149.23**	**1,079.56**
Accumulated amortisation				
Balance as at March 31, 2024	**423.46**	**626.84**	**149.23**	**1,199.53**
Amortisation charge for the year	-	17.88	-	17.88
Disposals	-	158.78	-	158.78
Balance as at March 31, 2025	**423.46**	**485.94**	**149.23**	**1,058.63**
Amortisation charge for the year	-	15.44	-	15.44
Disposals	-	-	-	-
Balance as at March 31, 2026	**423.46**	**501.38**	**149.23**	**1,074.07**
Net block				
Balance as at March 31, 2024	-	39.06	-	39.06
Balance as at March 31, 2025	-	20.93	-	20.93
Balance as at March 31, 2026	**-**	**5.49**	**-**	**5.49**

6 Investments

Details of investments	Name of the Company	As at March 31, 2026			As at March 31, 2025		
		No of shares	Face value	₹ In Lakhs	No of shares	Face value	₹ In Lakhs
a) Investments in equity Instruments:							
i) Subsidiaries: (Trade)							
Fully paid up							
	KEC North America Inc (refer additional information 3)	210		129.36	210	-	129.36
	Kirsons B V (refer additional information 7)	2602	Euro 100	6,230.01	2602	Euro 100	6,230.01
ii) Associates: (Trade)							
Fully paid up							
	Kirloskar (Malaysia) Sdn. Bhd. Kuala Lumpur, Malaysia	300,000	MR1	5.29	300,000	MR1	5.29
iii) Others							
Fully paid up							
	ICICI bank Limited (on merger of Sangli Bank Limited)	5,945	2	71.64	5,945	2	80.16

NOTES TO FINANCIAL STATEMENTS

Details of investments	Name of the Company	As at March 31, 2026			As at March 31, 2025		
		No of shares	Face value	₹ In Lakhs	No of shares	Face value	₹ In Lakhs
	The Mysore Kirloskar Limited (refer additional information 4)	770,750	10	-	770,750	10	-
	Kirloskar Proprietary Limited (refer additional information 5)	286	100	45.34	286	100	40.02
	Kirsons Trading Pte.Limited (refer additional information 5)	56,250	S $1	43.83	56,250	S $1	43.58
	Kirloskar Power Equipments Limited (refer additional information 5)	340,000	10	35.77	340,000	10	39.45
	Dr. Prabhakar Kore Credit Souhard Shakari Ltd	210	100	0.20	210	100	0.20
b) Investments in debentures or bonds:							
i) Others							
Fully paid up							
	The Mysore Kirloskar Limited (refer additional information 4)	30,000	44	-	30,000	44	-
	Total			**6,561.44**			**6,568.07**
	Less: Provision for impairment in value of investments			6,359.37			6,359.37
	Total			**202.07**			**208.70**

Additional Information:

		2026	2025
1)	Aggregate value of quoted investments:		
	Carrying Value	1.00	1.00
	Market Value	71.64	80.16
2)	Aggregate value of unquoted investments:		
	Carrying Value	6,489.80	6,487.91

3) This Company has been dissolved. However, the investment has not been written off pending approvals from Reserve Bank of India. However full provision has been made for the same.

4) Securities in The Mysore Kirloskar Limited have been written off.

5) Shares held in Kirloskar Proprietary Limited, Kirloskar Trading Pte Limited and Kirloskar Power Equipments Limited (all unlisted) have been mark to market based on the net asset value of an equity share as at March 31, 2025 and March 31, 2024 as per their latest audited financial statements as of those dates. The differential amounts as on the date of transition has been recognized in opening reserves and changes thereafter have been recognized as other comprehensive income.

6) The Board of Directors in its meeting held on May 23, 2024, has approved for the merger of Company's wholly owned subsidiaries i.e., Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited, SLPKG Estate Holdings Private Limited and Luxquisite Parkland Private Limited with the Holding company. The Company has filed the application of Merger before Hon'ble National Company Law Tribunal, Bengaluru Bench ("NCLT Bengaluru Bench") on October 31, 2024. Subsequently the merger was approved and the order was passed on April 30, 2026 by the Hon'ble NCLT Bengaluru Bench. The effective date of Merger is April 1, 2024. Accordingly the effect of merger is given in these financial Statements.

7) Kirsons B V was a Step down Subsidiary of Luxquisite Parkland Private Limited(LPPL).Consequent to merger of LPPL with the company w.e.f 01.04.2024, Kirsons B V became a direct subsidiary of the Company.

NOTES TO FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
7	**Trade receivables:**		
	(unsecured and considered good)		
	i) Long term trade receivables	273.60	205.27
		273.60	**205.27**
8	**Other Financial Assets:**		
	i) Bank deposits with more than twelve months maturity	23.67	57.79
		23.67	**57.79**
9	**Other non current assets:**		
	(unsecured and considered good, unless otherwise stated)		
	i) Capital advances	203.63	936.34
	Less: Allowance for capital Advance	12.93	12.93
		190.70	**923.41**
	ii) Security deposits	365.54	343.31
	iii) Rent deposit to related parties	100.00	100.00
	iv) Deferred Income - rental deposit	-	14.48
	v) Disputed statutory liabilities/ taxes paid	436.47	433.60
	vi) Income tax receivable (net)	235.23	161.12
		1,137.24	**1,052.51**
		1,327.94	**1,975.92**
	Amounts due from a private company in which a director of the Company is a director included in (iii) above	100.00	100.00
10	**Inventories:**		
	i) Raw materials	1,255.77	1,101.52
	ii) Work in progress	2,697.53	2,664.44
	iii) Finished goods	870.84	833.69
	iv) Stores and spares	56.07	56.00
	v) Others (scrap stock)	13.82	4.88
	Goods in transit:		
	i) Finished goods	598.06	-
		5,492.09	**4,660.53**
	Less: Provision for non-moving stocks	121.73	121.73
		5,370.36	**4,538.80**
11	**Trade receivables:**		
	i) Trade receivables exceeding six months	5,811.39	1,479.10
	ii) others	8,379.08	10,157.21
		14,190.47	**11,636.31**
	Less: allowance for credit loss	5,793.02	5,747.10
		8,397.45	**5,889.21**
	Amounts due by private companies in which directors of the Company are directors	-	-

NOTES TO FINANCIAL STATEMENTS

Trade receivables ageing as at March 31, 2026: ₹ In Lakhs

Particulars	Undisputed trade receivables		Disputed trade receivables		Total
	Considered good	Considered credit impaired	Considered good	Considered credit impaired	
Less than 6 months	8,309.68	-	-	69.40	8,379.08
6 months to 1 year	361.12	-	-	26.16	387.28
1-2 year	153.58	-	1.90	47.98	203.46
2-3 year	91.53	-	0.05	71.39	162.97
more than 3 year	77.60	4,149.74	2.31	828.03	5,057.68
Total					**14,190.47**
Less: allowance for credit loss					5,793.02
Total					**8,397.45**

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
12	**Cash and Cash Equivalents:**		
	Cash and cash equivalents:		
	i) Balances with banks		
	- in other accounts	1,905.22	1,676.14
	ii) Cash on hand	12.18	6.61
		1,917.40	**1,682.75**
13	**Other bank balances:**		
	i) Balances with banks		
	- in short term deposits	393.83	474.93
	- in margin money, security for borrowings, guarantees and other commitments	881.40	756.67
		1,275.23	**1,231.60**
	Total (12 + 13)	**3,192.63**	**2,914.35**
14	**Other Current assets:**		
	(unsecured and considered good, unless otherwise stated)		
	i) Loans and advances to related parties (Refer Note 35(5))	136.54	108.49
	ii) Advance paid to suppliers and others	825.63	773.08
		962.17	**881.57**
	Less: Allowance for doubtful advances for advance paid to suppliers and others	66.29	66.29
		895.88	**815.28**

15	**Share capital:**				
	Authorized: (*)				
	Preference Shares of ₹ 100/- each	3,000,000	3,000.00	3,000,000	3,000.00
	Preference shares of ₹ 10/- each	40,000	4.00	40,000	4.00
	Equity shares of ₹ 10/- each	15,32,70,000	15,327.00	15,32,70,000	15,327.00
			18,331.00		**18,331.00**

* The increase in the Authorised share capital is pursuant to the merger of Company's wholly owned subsidiaries i.e., Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited, SLPKG Estate Holdings Private Limited and Luxquisite Parkland Private Limited with the Company w.e.f April 01, 2024.

NOTES TO FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Issued, subscribed and fully paid up:				
Equity shares of ₹ 10/- each				
At the beginning of the year	66,414,071	6,641.41	66,414,071	6,641.41
Issued during the year	-	-	-	-
At the close of the year	**66,414,071**	**6,641.41**	**66,414,071**	**6,641.41**
Total carried to Balance Sheet	**66,414,071**	**6,641.41**	**66,414,071**	**6,641.41**

Foot notes:

1 Preference shares:

a. The Company had issued cumulative preference shares of ₹ 100/- each. The preference shareholders did not have voting rights.

b. 1,176,746 Preference shares (value ₹ 1,176.75 lakhs) were allotted pursuant to a contract without consideration being received in cash. These preference shares were allotted to preference share holders of Kaytee Switchgear Limited as fully paid up pursuant to the Scheme of arrangement approved by the Honorable High Court of Karnataka under sec 391 -394 of the Companies Act, 1956 without payment being received in cash.

c. During the financial year 2014-15 Company issued and allotted 1,595,890 (Fifteen lakh ninety five thousand eight hundred and ninety) Compulsory Convertible Preference Shares (“CCPS”) of ₹ 100/-(Rupees one hundred), to Mr. Vijay Ravindra Kirloskar (Promoter) by way of private placement for a tenor not exceeding 18 months which carried a preferential cumulative dividend of 0.1% (zero point one per cent) per annum, payable till the date of conversion into equity shares. 777,485 Preference shares were converted into 2,554,156 equity shares of face value of ₹ 10/- each issued at premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the first tranche on February 11, 2016 and 818,405 Preference shares were converted into 2,688,583 equity shares of face value of ₹ 10/- each issued at a premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the second tranche on September 26, 2016.

2 Equity shares:

a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b. Equity Shares of ₹ 10/- each includes:

	Particulars	As at March 31, 2026		As at March 31, 2025	
		Number	₹ in Lakhs	Number	₹ in Lakhs
(i)	Equity shares include Shares allotted pursuant to a contract without consideration being received in cash. These shares were issued to shareholders of Kaytee Switchgear Limited and Kirloskar Power Equipment Limited as fully paid, pursuant to Scheme of arrangement approved by the Honorable High Court of Karnataka under sections 391 to 394 of the Companies Act, 1956.	17,252,550	1,725.26	17,252,550	1725.26
(ii)	Shares allotted during the year 2007-08 to the promoters group in terms of order dated September 29, 2007 of the Honorable High Court of Karnataka read with scheme of arrangement dated February 13, 2003 under sections 391 to 394 of The Companies Act, 1956.	2,000,000	200	2,000,000	200
(iii)	Shares allotted during the year 2003 - 04 to IDBI on conversion of Preference Share Capital at face value as per the scheme of arrangement approved by Honorable High Court of Karnataka.	6,000,000	600	6,000,000	600

NOTES TO FINANCIAL STATEMENTS

Particulars		As at March 31, 2026		As at March 31, 2025	
		Number	₹ in Lakhs	Number	₹ in Lakhs
(iv)	Shares allotted during the year 2014-15 to Vijay R Kirloskar at a premium of ₹ 20.44 per share.	2,658,200	265.82	2,658,200	265.82
(v)	Shares allotted during the year 2015-16 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,554,156	255.42	2,554,156	255.42
(vi)	Shares allotted during the year 2016-17 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,688,583	268.86	2,688,583	268.86

c. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

Particulars		As at March 31, 2026		As at March 31, 2025	
		Number	Percentage	Number	Percentage
(i)	Abhiman Trading Company Private Limited	5,217,063	7.86%	5,217,063	7.86%
(ii)	Vijayjyothi Investment & Agencies Private Limited	4,271,217	6.43%	4,271,217	6.43%
(iii)	Vijay Ravindra Kirloskar	12,043,288	18.13%	11,946,468	17.99%
(iv)	Vijay Farms Private Limited	3,540,807	5.33%	3,540,807	5.33%

d. Shareholding of promotors

Sl No	Shares held by promoters at the end of the year			% Change during the year
	Promoter name	No. of Shares	% of total shares	
1	Vijay Ravindra Kirloskar	12,043,288	18.13	0.08%
2	Meena Kirloskar	184,514	0.28	-
3	Abhiman Trading Company Limited	5,217,063	7.86	-
4	Vijayjyothi Investments and Agencies Private Limited	4,271,217	6.43	-
5	Vijay Farms Private Limited	3,540,807	5.33	-
6	Vijaykirti Investments and Agencies Private Limited	3,064,094	4.61	-
7	Sri Vijayadurga Investments and Agencies Private Limited	1,774,506	2.67	-
8	Vimraj Enterprises Private Limited	1,606,483	2.42	-
9	Kirloskar Power Equipments Limited	1,146,315	1.73	-
10	Kirloskar Batteries Private Limited	186,500	0.28	-

NOTES TO FINANCIAL STATEMENTS

16 Other Equity

₹ in Lakhs

Particulars	Capital redemption reserve	Capital reserve	Securities premium	Retained earnings	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total (B)	Total Other equity (A+B)
							Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
							Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee benefits		
Total comprehensive income as at March 31, 2024	**2,401.75**	**18.06**	**4,410.84**	**(35,874.96)**	**641.67**	**(28,402.64)**	**116.78**	**32,100.81**	**84.38**	**32,301.97**	**3,899.33**
Add/(Less): Effect of scheme of merger (Refer Note 36(15))				(1,551.29)		(1,551.29)	-			-	(1,551.29)
Add/(Less): profit/(Loss) for the year	-	-	-	716.05	-	716.05	13.23	-	-	13.23	729.28
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	45.36	45.36	45.36
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	(0.54)	2,821.97	(12.62)	2,808.81	2,808.81
Total comprehensive income as at March 31, 2024	**2,401.75**	**18.06**	**4,410.84**	**(36,710.20)**	**641.67**	**(29,237.88)**	**129.47**	**34,922.78**	**117.12**	**35,169.37**	**5,931.49**
Add/(Less): profit/(Loss) for the year	-	-	-	845.17	-	845.17	(6.63)	(366.00)	-	(372.63)	472.54
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	78.62	78.62	78.62
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	0.95	132.28	(21.87)	111.36	111.36
Total comprehensive income as at March 31, 2025	**2,401.75**	**18.06**	**4,410.84**	**(35,865.03)**	**641.67**	**(28,392.71)**	**123.79**	**34,689.06**	**173.87**	**34,986.72**	**6,594.01**

NOTES TO FINANCIAL STATEMENTS

₹ In Lakhs

		Particulars	As at March 31, 2026	As at March 31, 2025
Non- Current Liabilities				
17	**Other Financial Liabilities:**			
		Security deposits from suppliers and dealers	626.84	611.85
		Vehicle Loan	13.90	18.33
			640.74	**630.18**
18	**Provisions:**			
		Provisions for employee defined benefit plans	3,593.23	2,693.84
			3,593.23	**2,693.84**
19	**Deferred tax Liabilities (net):**			
	i)	**Deferred tax liability:**		
	a)	On account of depreciation on fixed assets (other than land)	425.08	476.34
	b)	On account of revaluation of land and others	4,834.76	4,946.12
		Total	**5,259.84**	**5,422.46**
	ii)	**Deferred tax asset:**		
	a)	On account of timing differences in recognition of expenditure (restricted to Deferred tax liability on depreciation on fixed assets above)	425.08	476.34
		Total	**425.08**	**476.34**
		Net deferred tax liability/(asset)	**4,834.76**	**4,946.12**
Current Liabilities				
20	**Borrowings:**			
	1)	**Secured loans:**		
		a) Loans repayable on demand		
		- from banks	2,464.42	3,605.29
			2,464.42	**3,605.29**
	2)	**Unsecured loans:**		
		Other than banks:		
		a) Inter corporate deposits	7,568.43	8,005.23
			7,568.43	**8,005.23**
		Total	**10,032.85**	**11,610.52**
1)	**Details of security for secured loans:**			
	a)	Working capital loan (cash credit) from Lenders as specified in Master Restructuring Agreement ("MRA") are secured against a first pari passu charge by way of hypothecation of all book debts, receivables, stocks, inventories, operating cash flows, commissions, revenues of whatsoever nature and whatever arising (present & future) including Trust and Retention Account, a first pari passu charge by way of mortgage on all of the Company's immovable properties as set out in Schedule VI of MRA, a first pari passu charge by way of pledge of 24,886,143 fully paid equity shares of the Company held by the promoters as specified in MRA. These loans carry an interest rate of 13.61% of Bank of India and 14.85% of SBI per annum and also guaranteed by the Executive Chairman of the Company.	2,464.42	3,605.29

2) Details of security for unsecured loans:

a) Inter corporate deposits are taken for periods ranging between 90 to 360 days with interest rates averaging upto 12.11% per annum.

NOTES TO FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
21	**Trade payables:**		
	1. Dues to micro, small and Medium enterprises	1,581.10	861.10
		1,581.10	**861.10**
	2. Dues to creditors other than micro, small and Medium enterprises		
	i) Other trade payables	11,214.84	12,731.95
	ii) Acceptances	5,611.26	4,228.36
		16,826.10	**16,960.31**

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

₹ In Lakhs

Sl No.	Particulars	As at March 31, 2026	As at March 31, 2025
1	Principal amount due and remaining unpaid	1,581.10	861.10
2	Interest due on (1) above and the unpaid interest	88.36	88.04
3	Interest paid on all delayed payments under the MSMED Act	Nil	Nil
4	Interest due and payable for the period of delay other than (3) above	Nil	Nil
5	Interest accrued and remaining unpaid	11.70	0.32
6	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	100.05	88.36

Trade Payables ageing as at March 31, 2025

₹ In Lakhs

S.No.	Particulars	Dues to micro and small enterprises	Other trade payables
1	Not due	488.30	5,622.49
2	Less than 1 year	887.14	1,530.14
3	1-2 years	41.69	341.09
4	2-3 years	22.79	228.61
5	More than 3 years	141.18	3,492.51
	Total	**1,581.10**	**11,214.84**

22	**Other financial liabilities**		
	a) Interest accrued	-	1.41
		-	**1.41**
23	**Provisions:**		
	a) Provision for short term employee defined benefit plans	235.86	134.98
	b) Provision for wage arrears	1,131.62	1,086.16
	c) Provision for warranty	415.23	421.76
	d) Provision for contingencies	401.33	106.81
		2,184.04	**1,749.71**

NOTES TO FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
24	**Other current liabilities:**		
	a) Statutory liabilities	534.31	326.62
	b) Other liabilities *	6,645.38	6,433.01
	c) Trade advances	3,224.79	2,401.76
		10,404.48	**9,161.39**

* include ₹ 1.70 Lakhs (March 31, 2025: ₹ 3.14 Lakhs) payable towards Voluntary Retirement Scheme (VRS)

25	**Current tax liabilities (net):**		
	a) Provision for tax (net of advance tax)	30.34	18.58
		30.34	**18.58**

25A Tax expense:

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2026 and March 31, 2025:

Profit before tax	875.51	741.28
Income tax rate of 25.168% (a)	25.168%	25.168%
Computed expected tax expense/ (credit)	**220.35**	**186.57**
Non deductible / (allowable) expenses:		
Effect of expenses not allowed for tax purpose	351.45	(1,602.78)
Effect of income not considered for tax purpose	(29.89)	(29.89)
Impact of losses where deferred tax not recognised	(511.56)	1,471.32
Income tax expense charged/ (credited) to the Statement of Profit and Loss (#)	**30.34**	**25.22**

(#) During the year ended 31st Mar 2026 ₹ 30.34 Lakhs (₹ 18.58 Lakhs as on 31st Mar 2025) Provision is made towards corporate tax for Ajman branch office (Kirloskar Electric Company Limited BFC - Ajman- United Arab Emirates.)

26	**Revenue from operations:**		
	i) Sale of products:		
	Motors, alternators and generators	25,017.23	27,076.14
	Transformers	28,467.93	22,469.20
	DG sets	798.64	457.53
	Others	3,682.06	3,650.53
	Total	**57,965.86**	**53,653.40**
	ii) Sale of services	967.78	728.99
	Total Revenue	**58,933.64**	**54,382.39**
27	**Other income:**		
	i) Interest income on bank deposits and others	102.67	111.20
	ii) Interest and guarantee commission income from financial assets	131.69	118.77
	iii) Dividend income from long term investments	1.10	0.63
	iv) Profit on sale of fixed assets (net)	772.89	-
	v) Provision no longer required and Unclaimed credit balance written back	22.32	409.43
	vi) Miscellaneous income	75.16	57.75
		1,105.83	**697.78**
28	**Cost of materials consumed:**		
a)	Consumption of raw materials, components, stores and spare parts	41,642.71	37,861.19
		41,642.71	**37,861.19**

NOTES TO FINANCIAL STATEMENTS

₹ In Lakhs

Particulars		As at March 31, 2026	As at March 31, 2025
b)	Consumption of major raw materials		
	Additional Information:		
i)	Copper (Wires, strips, rods, sheets etc)	15,395.65	14,736.99
ii)	Iron and steel (pigiron, rounds, plates, sheets , etc.,)	7,168.89	7,232.74
iii)	Stores and spares	56.07	56.00
iv)	Others	19,022.10	15,835.46
2.	Cost of materials consumed includes ₹ nil (Previous year ₹ nil) towards provision for slow and non moving inventory.		
29	**Changes in inventories of finished goods, work in progress and stock in trade:**		
	Stocks at the end of the year:		
i)	Work in progress		
	Motors, alternators and generators	2,047.42	1,727.21
	Transformers	552.78	655.66
	DG Sets	4.08	240.80
	Others	93.25	40.77
	Total	**2,697.53**	**2,664.44**
ii)	Finished goods		
	Motors, alternators and generators	982.56	361.97
	Transformers	207.30	471.72
	DG Sets	278.67	-
	Others	0.37	-
	Total	**1,468.90**	**833.69**
iii)	Scrap	13.82	4.88
	A	**4,180.25**	**3,503.01**
	Less: Stocks at the beginning of the year:		
i)	Work in progress		
	Motors, alternators and generators	1,727.21	2,394.04
	Transformers	655.66	791.10
	DG sets	240.80	201.86
	Others	40.77	33.89
	Total	**2,664.44**	**3,420.89**
ii)	Finished goods		
	Motors, alternators and generators	361.97	259.28
	Transformers	471.72	20.92
	DG sets	-	-
	Others	-	4.94
	Total	**833.69**	**285.14**
iii)	Scrap	4.88	16.79
	B	**3,503.01**	**3,722.82**
	Total (B-A)	**(677.24)**	**219.81**
30	**Employee benefit expenses:**		
i)	Salaries , wages and bonus	6,227.56	6,243.33
ii)	Contribution to provident and other funds	932.93	628.66
iii)	Staff welfare expenses	650.56	674.28
		7,811.05	**7,546.27**

NOTES TO FINANCIAL STATEMENTS

₹ In Lakhs

Particulars			As at March 31, 2026	As at March 31, 2025
31 Finance costs:				
i) Interest expense			2,039.13	1,967.58
ii) Other borrowing costs			508.39	464.86
			2,547.52	**2,432.44**
32 Depreciation and amortization expenses:				
i) Depreciation of tangible assets			418.77	471.28
ii) Amortization of intangible assets			15.44	17.88
			434.21	**489.16**
33 Other expenses:				
i) Power and fuel		769.45		782.42
ii) Rent		41.71		178.65
iii) Repairs to buildings		42.00		23.82
iv) Repairs to machinery		134.46		136.92
v) Repairs to others		471.37		482.17
vi) Vehicle maintenance		32.04		33.97
vii) Insurance		33.53		21.92
viii) Rates and taxes		252.43		424.34
ix) Payment to auditors				
- as auditor (includes branch audit fees of ₹0.96, previous year ₹0.85)	20.96		20.85 -	
- for taxation matters (includes ₹0.00, previous year ₹0.00 to branch auditor)	6.50		5.00	
- for limited review	30.00		30.00	
		57.46		55.85
x) Selling expenses		810.41		790.17
xi) Commission		70.68		84.69
xii) Warranty claims		201.33		89.78
xiii) Allowance for credit loss		52.33		2322.35
xiv) Allowance for doubtful loans and advances		-		12.93
Less: Allowance for doubtful loans and advances withdrawn				
xv) Net (gain)/loss on foreign currency transaction and translation		149.61		2.68
xvi) Bad trade receivables written off			465.29	
Less: Allowance for credit loss withdrawn	6.41		465.29	
xvii) Irrecoverable loans and advances written off	369.66	(6.41)	-	-
Less: Allowance for doubtful loans and advances withdrawn	-	369.66	-	
xviii) Loss on sale of fixed assets (net)		-		0.32
xix) **CSR Expenses& Donations**		38.01		-
xx) Legal and professional charges		889.87		709.15
xxi) Travelling and conveyance		396.68		399.66
xxii) Printing and stationary		18.06		19.76
xxiii) Postage, telegrams and telephones		44.75		43.50
xxiv) Directors sitting fees		44.50		40.50

NOTES TO FINANCIAL STATEMENTS

₹ In Lakhs

Particulars		As at March 31, 2026		As at March 31, 2025
xxv) Provision for contingencies	294.53		18.73	
Less: Provision for contingencies withdrawan	-		1,310.23	
		294.53		(1,291.50)
xxvi) Security charges		312.57		355.31
xxvii) Contract Labour charges		969.66		970.98
xxviii) Miscellaneous expenses		106.50		94.70
		6,597.19		**6,785.04**
34 Exceptional items:				
i) Write back of Inter corporate deposit and interest		-		994.97
ii) Employee benefits		(808.52)		-
		(808.52)		**994.97**
35 Earnings per share:				
(Basic and diluted)				
Profit for the year after tax		845.17		716.06
Weighted average number of equity shares		66,414,071		66,414,071
Paid up value per share		10.00		10.00
Earning per share (basic)		**1.27**		**1.08**
Earning per share (diluted)		**1.27**		**1.08**

36 Other notes to accounts:

1. Contingent liabilities and commitments:
(to the extent not provided for)

a) Contingent liabilities:

₹ In Lakhs

	Particulars	As at March 31,2026	As at March 31,2025
i)	Claims against the Company not acknowledged as debts	279.00	308.36
ii)	Guarantees	1,225.91	1,144.76
iii)	Sales tax demanded under appeal. The Company has paid an aggregate amount of ₹118.03 lakhs as at March 31, 2024 against the demand which has been included in disputed statutory dues.	471.16	507.91
iv)	GST Demand under appeal. The Company has paid an aggregate amount of ₹8.38 lakhs as at March 31, 2025 against the demand which has been included in disputed statutory dues.	63.24	78.85
v)	The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the Honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2026 against the demand which has been included in disputed statutory dues as reported in Note 09 to Financial Statements.	527.07	527.07
vi)	GST Demand for the transitional input tax credit. Appeal pending before Karnataka High Court.	1,417.12	1,417.12
vii)	Certain industrial disputes are pending before various judicial authorities – not acknowledged by the Company. Liability has been considered against those cases for which is ascertainable, some cases are pending for it is not possible to ascertain liability.	unascertained	unascertained

NOTES TO FINANCIAL STATEMENTS

viii)	The Company had furnished a guarantee for the redemption of preference shares issued by Kirloskar Investment and Finance Ltd to an extent of ₹ 200 lakhs as at March 31, 2024 (as at March 31, 2023 ₹ 200 lakhs) and had obtained counter guarantee from the said Company. The preference shareholder has claimed a sum of ₹ 200 lakhs along with dividends in arrears of ₹ 205.60 lakhs and interest from the Company. This claim has been upheld by the Debt Recovery Tribunal (DRT). The Company has preferred an appeal before the Debt Recovery Appellate Tribunal(DRAT) to set aside the orders passed by the DRT. The Company has deposited during the earlier year ₹ 102.80 lakhs with DRAT as directed by the Supreme Court of India and the matter stands re-posted for hearing. The Company does not acknowledge this liability.	405.60	405.60
ix)	Right to recompense to the lending banks subject to profitability and cash flows of the Company, approximate net present value of recompense as per Master Restructuring Agreement (MRA).	514.00	514.00

In respect of items above, future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums / settlement of matter. The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable. However as a matter of abundant caution the Company has recognized a provision for contingencies, to take care of any liabilities that may devolve, and included in Note 36(11).

b) Commitments

Particulars	March 31, 2026	March 31, 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	241.01	128.56

2. Additional Information:

a) Value of Imports calculated on CIF basis:

Raw materials, components and spare parts	26.10	32.02

b) Expenditure in foreign currency: (net of withholding tax)

i) Travel	47.43	72.89
ii) Other expenses	109.27	130.50

c)

Sl.No.	Particulars	Amount	% to total	Amount	% to total
i)	Value of imported raw materials, spare parts and components consumed	24.27	0.06%	31.12	0.08%
ii)	Value of indigenous raw materials, spare parts and components consumed	41,618.44	99.94%	37,830.07	99.92%
	Total	**41,642.71**	**100.00%**	**37,861.19**	**100.00%**

d) Details of non-resident shareholdings

i) Number of non resident share holders	887	873
ii) Number of shares held by non resident shareholders	34,32,408	7,43,772

e) Earnings in foreign exchange:

i) Export of goods calculated on FOB basis (net)	2,500.06	2,723.45
ii) Remittances from overseas offices (net)	2,131.34	2,056.78

3. Confirmation of balances from customers, suppliers and service providers with whom the Company had transactions are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Adjustments will be made on completion of review/reconciliation. In the assessment of the management, effect on revenue if any, is not expected to be material.

4. Certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical inventory taken from time to time. No material discrepancies were noticed.

NOTES TO FINANCIAL STATEMENTS

5 Current assets, loans and advances include ₹ 136.54 Lakhs (as at March 31, 2025 ₹ 108.49 Lakhs) being rescheduled advances from certain companies in which certain key managerial personnel are interested. The Company is confident that these companies will fulfill their obligations and has considered these amounts as good of recovery.

6 During a previous year, the shareholders of the Company at the Annual General Meeting held on September 30, 2013 have approved an Employee Stock Option Scheme. However, the Company has not issued any options as at March 31, 2026 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

7 DISCLOSURES AS PER IND AS 19 "EMPLOYEE BENEFITS":

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

₹ in Lakhs

Particulars	March 31,2026	March 31,2025
Employer’s contribution to provident & pension funds	300.99	305.01
Employer’s contribution to superannuation fund	46.40	43.24

(b) Defined Benefit Plan:

The employees’ gratuity fund scheme managed by a trust and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

₹ in Lakhs

Particulars	As at March 31, 2026		As at March 31, 2025	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
Reconciliation of opening and closing balances of defined benefit obligation:				
Defined benefit obligation at beginning of the year	2,755.06	470.39	2,709.03	474.98
Current service cost (*)	1,148.98	113.01	103.48	34.98
Interest cost	179.63	-	181.28	34.34
Actuarial (gain)/ loss	(78.84)	-	(45.36)	7.19
Benefits paid from funds	(211.49)	-	(193.37)	-
Benefits paid directly by employer	-	(101.10)	-	(81.10)
Defined Benefit obligation at end of the year	**3,793.34**	**482.30**	**2,755.06**	**470.39**
Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	61.22	335.41	58.91	311.52
Interest income	4.82	25.50	0.00	22.52
Employer contribution	231.30	-	191.52	-
Benefits paid from funds	(211.49)	-	(193.37)	-
Actuarial gain/(loss)	(0.21)	-	4.16	1.37
Fair value of plan assets at year end	**85.64**	**360.91**	**61.22**	**335.41**
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	85.64	360.91	61.22	335.41
Present value of obligation	3,793.34	482.30	2,755.06	470.39
Amount recognized in Balance Sheet under liabilities:	**3,707.70**	**121.39**	**2,693.84**	**134.98**

NOTES TO FINANCIAL STATEMENTS

Reconciliation of opening and closing balances of defined benefit obligation:	**As at March 31, 2026**		**As at March 31, 2025**	
	Gratuity (Funded)	**Leave (Funded)**	**Gratuity (Funded)**	**Leave (Funded)**
Expense recognized during the year: (under "note 30" "Employee benefit expenses" in the Statement of Profit and Loss)	**Current year**		**Previous year**	
In Income Statement:				
Current service cost	1,148.98	113.01	103.48	34.98
Interest cost	179.63	-	181.28	34.34
Actual return on plan assets	(4.82)	(25.50)	-	(22.52)
In Other Comprehensive Income:				
Actuarial (gain)/ loss	(78.63)	-	(49.52)	5.82
Net cost	**1,245.16**	**87.51**	**235.24**	**52.62**

Actuarial assumptions:	**As at March 31, 2026**		**As at March 31, 2025**	
Mortality table	**Indian Assured Lives Mortality (2012-14) (Urban)**	**Indian Assured Lives Mortality (2012-14) (Urban)**	**Indian Assured Lives Mortality (2012-14) (Urban)**	**Indian Assured Lives Mortality (2012-14) (Urban)**
Discount rate (per annum)	7.62%	7.62%	6.78%	6.78%
Expected rate of return on plan assets (per annum)	6.78%	6.78%	6.78%	6.78%
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

(*) Leave provision for current year includes provision for short term compensated absence as assessed by the actuary.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods of Gratuity (Funded):					
	2025-26	**2024-25**	**2023-24**	**2022-23**	**2021-22**
Defined benefit obligation at the end of the period	(3,793.34)	(2,755.06)	(2,709.03)	(2,609.65)	(2,541.31)
Plan assets at end of the period	85.64	61.22	58.91	48.59	70.93
Funded amount	(3,707.70)	(2,693.84)	(2,650.12)	(2,561.06)	(2,470.38)
Experience Gain/ (loss) adjustments on plan liablities	(80.15)	101.27	(31.86)	(11.76)	(26.64)
Experience Gain/ (loss) adjustments on plan assets	(0.21)	4.16	3.29	(2.53)	(4.450)
Actuarial gain/ (loss) due to change in assumptions	158.99	(55.91)	(31.06_	44.13	42.17

(c) Sensitivity Analysis:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, has been determined based on possible effect of changes of an assumption occurring at end of the reporting period, while holding all other assumptions constant.

₹ in Lakhs

Particulars	**March 31,2026**		**March 31,2025**	
	Decrease	**Increase**	**Decrease**	**Increase**
Change in discounting rate (delta effect of +/- 1%)	213.22	(188.33)	134.87	(120.61)
Change in rate of salary increase (delta effect of +/- 1%)	(190.05)	211.51	(121.45)	133.25
Change in rate of Attrition (delta effect of +/- 1%)	5.45	(4.80)	2.35	(2.18)

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

NOTES TO FINANCIAL STATEMENTS

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

8 SEGMENT REPORTING:

As per Ind AS 108 on" Operating Segments ", segment information has been provided under the Notes to Consolidated Financial Statements.

9 RELATED PARTY TRANSACTIONS:

(a) Name of related parties and description of relationship where controls exists:

Sl. No.	Name of the Related Party	Relationship
1	Kirsons B V	Subsidiary
2	Mr. Vijay R Kirloskar	Key Management Personnel ("KMP")
	Mr. Sanjeev Kumar S (Upto March 06 2026)	
	Ms. Janaki Kirloskar (w.e.f February 11, 2026)	
	Mr. Dillip Kumar Pani (w.e.f May 26, 2026)	
	Mr. Mahabaleshwar Bhat	
	Mr. Anand Balaramacharya Hunnur	
3	Mrs. Meena Kirloskar	Relative of KMP ("KMPR")
	Ms. Rukmini Kirloskar	
4	Kirloskar (Malaysia) Sdn. Bhd	Associates
5	The Printers (Mysore) Private Limited	Enterprises which are related parties as per section 2(76) of the Companies Act, 2013. ("Others-A")
	Kue Management Services LLP	
	Shaaz Jung Films LLP	
	K N Guruswamy Properties LLP	
	Ganga Micro Electronics LLP	
	K N Guruswamy and Company Private Limited	
	Anuradha Shanth Kumar Holdings Private Limited	
	Wan - IFRA South Asia Private Limited	
	E.P. Labs Private Limited	
	Bison Wilderness Resorts Private Limited	
	Africa Expeditions and Safari Private Limited	
6	Kirloskar Batteries Private Limited	Enterprises over which key management personnel and/ or their relatives are able to exercise significant influence ("Others-B")
	Kirloskar Power Equipments Limited	
	Ravindu Motors Private Limited	
	Vijay Farms Private Limited	
	Kirsons Trading PTE LTD.	
	Sri Vijaydurga Investments and Agencies Private Limited	
	Vijayjyothi Investment and Agencies Private Limited	
	Abhiman Trading Company Private Limited	
	Vimraj enterprises LLP (formerly known as Vimraj enterprises private limited)	
	Vijay Kirthi Investment and Agencies Private Limited	
	Ravindu Automobiles Private Limited	
	Electromedics India Private Limited	

NOTES TO FINANCIAL STATEMENTS

Sl. No.	Name of the Related Party	Relationship
	Applied Engineering Innovations Private Limited	
	Applied Engineering Services (India) LLP	

(b) Transactions with the related parties

₹ in Lakhs

Particulars	Relationship	March 31, 2026	March 31, 2025
Purchase of goods and services:			
Vijay Farms Private Limited	Others-B	49.04	50.39
Sri Vijayadurga Investments and Agencies Private Limited		221.31	229.03
Ravindu Motors Private Limited		2.34	2.74
Abhiman Trading Company Private Limited		73.48	91.50
Kirsons Trading PTE LTD.		17.83	29.82
Sale of goods and services:			
Kirloskar (Malaysia) Sdn. Bhd	Associates	25.09	197.37
Kirsons Trading PTE LTD.	Others-B	108.83	220.73
Ravindu Motors Private Limited		-	16.08
Rent paid :			
Vijayjyothi Investments and Agencies Private Limited	Others-B	-	120.00
Remuneration paid:			
Vijay R Kirloskar*	KMP		
Short term employee benefits		568.69	532.40
Sanjeev Kumar S*			
Short term employee benefits		73.74	64.49
Mahabaleshwar Bhat*			
Short term employee benefits		38.81	35.84
Anand Hunnur*			
Short term employee benefits		215.92	197.91
Janaki Kirloskar			
Short term employee benefits		33.40	-
Meena Kirloskar	KMPR		
Sitting Fee		8.00	6.50
Rukmini Kirloskar			
Sitting Fee		4.00	2.50

* Post employment benefit Amount not ascertained since accrued gratuity and compensated absence liability has been recognized for the Company as a whole.

Key managerial personnel are provided free use of company car and communication facilities. These are in addition to remuneration furnished above.

(c) Outstanding balances at the end of the year:

₹ in Lakhs

Particulars	Relationship	As at March 31, 2026	As at March 31, 2025
KIRSONS BV	Subsidiary	31.58	31.58
Kirloskar Power Equipments Limited		0.35	0.35
Vijay Farms Private Limited	Others A & B	111.73	108.14
Vijayjyothi Investments and Agencies Private Limited (Rental Deposit)		100.00	100.00
Vijayjyothi Investments and Agencies Private Limited		24.45	-

NOTES TO FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	Relationship	As at March 31, 2026	As at March 31, 2025
Amount due from Company:			
Kirloskar (Malaysia) Sdn. Bhd	Associate	-	1.05
Kirloskar Batteries Private Limited	Others B	15.00	15.00
Kirsons Trading PTE LTD.		87.42	3.91
Sri Vijayadurga Investments and Agencies Private Limited		45.28	37.77
Ravindu Motors Private Limited		1.30	1.29
Vijayjyothi Investments and Agencies Private Limited		-	20.57
Abhiman Trading Company Private Limited		22.01	21.07
Kirloskar Power Equipment Limited*	Others -B	35.77	39.45
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	2,464.42	3,605.29

KEC North America Inc has been dissolved. The investments in and dues from the said company have not been written off, pending receipt of approvals from Reserve Bank of India. However, full provision has been made for the same. Since the said company has been dissolved, the same has not been considered for related party disclosures.

10 OPERATING LEASE (Ind AS 17):

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year is ₹ 92.30 Lakhs (Previous Year ₹ 200.60 Lakhs).

11 The Company has made provisions towards wage arrears, warranty claims from the customers towards sales, short term compensated absences and contingencies. Details of the same are as under:

₹ in Lakhs

Sl. No.	Particluars		Provision for Contingencies	Wage Arrears	Short Term Compensated Absences	Warranty Claims
1	Balance outstanding as at:	1-Apr-25	106.81	1,086.16	134.98	421.76
		1-Apr-24	1,398.31	1,079.95	163.46	444.46
2	Provision for the year (net)	31-Mar-26	294.52	45.46	(100.88)	(6.53)
		31-Mar-25	(1,291.50)	6.21	28.48	(22.70)
3	Balance outstanding as at:	31-Mar-26	401.33	1,131.62	235.86	415.23
		31-Mar-25	106.81	1,086.16	134.98	421.76

Foot Note:

Provision in respect of wage settlement has been made on estimated basis and differences if any will be accounted on final settlement. Further as a matter of abundant caution an estimated provision has been made for contingencies as held in respect of ongoing litigations as detailed in note 23 and certain probable liability including in respect of customers.

12 Financial risk management objectives and policies:

The entity's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations to support its operations. The entity's principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from its operations.

The entity is exposed to market risk/credit and liquidity risks. The entity's senior management oversee the management of these risks. The board reviews their activities. No significant derivative activities have been undertaken so far.

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 risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTOCI investments and derivative financial instruments.

NOTES TO FINANCIAL STATEMENTS

The sensitivity analysis in the following sections relate to the positions as at March 31, 2026 and March 31, 2025:

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumption has been made in calculating sensitivity analysis.

The sensitivity of the relevant profit or 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 March 31, 2026 and March 31, 2025 including the effect of hedgeaccounting.

i. 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 some of the vendor payments and customer receivables.

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on Mar 31, 2025 are as under:

Particulars	As at March 31, 2026		As at March 31, 2025	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)*	USD 385,714	542.02	USD 505,385	586.04
	EUR 166,734		EUR 166,734	
Liabilities (Payables)	USD 400,768	2,223.82	USD 330,901	1,7282.59
	EUR 55,595		EUR 56,793	
	SGD 2,268,402		SGD 2,268,402	
	AED 528,189		AED 11,002	

* Excludes receivable of Euro 11.62 lakhs from Lloyd Dynamowerke GmbH & Co KG, as full provision has been made for the same.

ii. Foreign currency sensitivity:

Every 1% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities for the years ended March 31, 2026 and March 31, 2025 would decrease the Company's loss and increase the Company's equity by approximately ₹ 16.82 Lakhs and ₹ 11.97 Lakhs respectively. A 1% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

13 Fair Value Measurement (Ind AS 113):

The Financial Instruments of the Company are initially recorded at fair value and subsequently measured at amortized cost based on the nature and timing of the cash flows.

The below table summarises particulars of Financial Instruments used:

Particulars	Note	As at March 31, 2026	As at March 31, 2025
Financial assets at amortized cost:			
Investments	6	202.07	208.70
Trade receivables	7 & 11	8,671.05	6,094.48
Other financial assets	8	23.67	57.79
Cash & cash equivalents	12	1,917.40	1,682.75
Other bank balances	13	1,275.23	1,231.60
Total financial assets		**12,089.42**	**9,275.32**
Financial liabilities at amortized cost:			
Borrowings	20	10,032.85	11,610.52
Other financial liabilities	17	640.74	630.18
Trade payables	21 (1)&(2)	18,407.20	17,821.41
Total financial liabilities		**29,080.79**	**30,062.11**

NOTES TO FINANCIAL STATEMENTS

The Company has not classified any Financial Asset or Liabilities as measured at Fair value through Profit and Loss (FVTPL) or measured at Fair Value through Other Comprehensive Income (FVTOCI).

Fair value of shares held by the Company in ICICI Bank Limited as at the reporting dates have been computed based on its value traded in an active market and constitutes Level 1 in the fair value hierarchy as set out in Ind AS 113. Shares held by the Company in other entities which are unlisted and not traded in an active market have been valued based on their net asset value per share as per their latest available audited financial statements with the company. The increase / (decrease) is recognized in other comprehensive income as at March 31,2026 and March 31,2025 on this count is estimated at ₹ 6.63 Lakhs and ₹ 13.23 Lakhs respectively.

The Fair Value of the above financial assets and liabilities are measured at amortized cost which is considered to be approximate to their fair values.

14 As reported in earlier years Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a step down subsidiary of the Company, incurred substantial losses , thereby eroding its net worth and consequent to the actions of local directors of LDW, insolvency administrator was appointed by the court in Germany during the preceding year. The Company has been given to understand that a South Korean company acquired all significant assets, patents, estates, orders and employees of LDW. During the year ended March 31,2025, Company entered into Settlement Agreement with Insolvency Administrator of Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW) for the settlement of all outstanding issues. EUR 125,000 was the settlement amount which KEC has agreed to pay through this settlement agreement and accordingly Company had disbursed the entire agreed amount and obtained No Due Confirmation from Insolvency Administrator.

15 The Board of Directors in its meeting held on May 23, 2024, has approved for the merger of Company's wholly owned subsidiaries i.e., Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited, SLPKG Estate Holdings Private Limited and Luxquisite Parkland Private Limited with the Holding company. The Company has filed the application of Merger before Hon'ble National Company Law Tribunal, Bengaluru Bench ("NCLT Bengaluru Bench") on October 31, 2024. Subsequently the merger was approved and the order was passed on April 30, 2026 by the Hon'ble NCLT Bengaluru Bench. The effective date of Merger is April 1, 2024. Accordingly the effect of merger is given in these financial Statements.

Particulars	SLPKG	Kelbuz	SKG	LPPL	Total
Assets :					
Other non current assets	508.36	-	4.00		512.36
Cash and cash equivalents	1.24	4.57	1.97	2.14	9.92
Other Current assets	0.10	46.13	0.10	1.50	47.83
Liabilities:					
Financial liabilities	873.00				873.00
Other current liabilities	3,836.01	5,491.74	1,790.67	239.57	11,357.99

16 The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2026 consisting of the Company, its subsidiary and its associate is eroded. The company has repaid all term loans which were restructured under JLF mechanism. Also the company is in advance stage for monetization of its Assets, which will improve the working capital and in turn improve the performance in the forthcoming periods. The company is confident that this funding will have a positive impact on the performance and net worth. Accordingly your directors have prepared these financial statements of the company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

17 The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2026 against the demand which has been included in disputed statutory liabilities / taxes paid as reported in Note - 9 to Financial Statements.

18 Company has discontinued the component machining activity at unit – 15 situated at Bhudihal, Bangalore Rural District with effect from January 22, 2024. Discontinuation has no impact on the operations of the Company. All workers have been relieved from duty and all their compensation dues have been paid.

NOTES TO FINANCIAL STATEMENTS

19. Ratios:

Sl No	Ratios	March 31, 2026	March 31, 2025	Variance
1	**Current ratio**	**0.43**	**0.35**	**22.86**
	Current Assets	17,856	14,158	
	Current Liabilities	41,059	40,363	
2	**Debt-Equity ratio**	**0.76**	**0.92**	**(17.39)**
	Debt (Current and non current portion of long term borrowings + Short term borrowings)	10,033	11,611	
	Equity	13,232	12,573	
3	**Debt service coverage ratio - (a)**	**1.51**	**1.51**	**-**
	Earnings before interest, Depreciation and Tax (EBITDA)	3,857	3,663	
	Interest Expense on long term and short term borrowings for the period	2,548	2,432	
	Schedule principal repayment of long term borrowings during the period	-	-	
4	**Return on equity ratio - (b)**	**1.27**	**1.08**	**17.59**
	Net profits after taxes	845	716	
	Average Shareholder's equity	664	664	
5	**Inventory turnover ratio**	**8.27**	**8.13**	**1.72**
	Cost of goods sold	40,965	38,081	
	Average inventory	4,955	4,681	
6	**Trade receivables turnover ratio - (c)**	**7.98**	**7.22**	**10.53**
	Revenue from operations	58,934	54,382	
	Average accounts receivables	7,383	7,536	
7	**Trade payables turnover ratio**	**2.26**	**2.09**	**8.13**
	Cost of goods sold	40,965	38,081	
	Average trade payables	18,114	18,248	
8	**Net capital turnover ratio - (d)**	**(2.54)**	**(2.08)**	**22.12**
	Net sales = Total sales - sales return	58,934	54,382	
	Working capital = current assets – current liabilities	(23,203)	(26,205)	
9	**Net profit ratio - (e)**	**0.01**	**0.01**	**-**
	Net Profit	845	716	
	Net sales = Total sales - sales return	58,934	54,382	
10	**Return on capital employed - (f)**	**0.12**	**0.11**	**9.09**
	Earnings before interest and taxes	3,423	3,174	
	Capital employed = tangible net worth + total debt + deferred Tax	28,098	29,109	

20. Other Statutory Information:

(i) There are no proceedings initiated or are pending against the Company for holding any benami property under the prohibition of Benami Property Transaction Act, 1988 and rules made thereunder.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTES TO FINANCIAL STATEMENTS

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(viii) Previous year's figures have been regrouped/ rearranged wherever necessary to conform to the current year grouping.

(ix) The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled and no instance of audit trail feature being tampered with was noted in respect of accounting software(s) where the audit trail has been enabled. Further, the audit trail been preserved by the company as per the statutory requirements for record retention.

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 28, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No: 222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

INDEPENDENT AUDITORS' REPORT

To the Members of

KIRLOSKAR ELECTRIC COMPANY LIMITED, BENGALURU

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of **KIRLOSKAR ELECTRIC COMPANY LIMITED** ("the Holding Company") and its subsidiaries (Holding Company and its subsidiaries collectively referred to as "the Group") and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2026, and the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid Consolidated Ind AS 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, and its Consolidated Profit including other comprehensive income, its Consolidated cash flows and the Consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS 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 Ind AS financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the Consolidated Ind AS 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

a. Going Concern Assessment – Effect of erosion in net worth of the group

Note 36(15) of the Consolidated Ind AS financial statements – The directors have detailed the reasons for preparing these Consolidated Ind AS financial statements on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) has accumulated losses and their net worth (after excluding Revaluation Reserve) is eroded. There are certain overdue payments to creditors.

We have relied on the representations made by the Company and the appraisal of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. The appropriateness of the said basis of Going Concern is subject to the Company adhering to the restructuring plan and infusion of requisite funds. Hence, we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Attention of the members is invited to Note 35(16) of the Consolidated Ind AS financial statements which sets out that the Group has filed Special Leave Petition in respect of demand of resale tax penalty of ₹ 527 lakhs before the Honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation. Our opinion is not modified in respect of this matter.

Other Information

The Group's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Consolidated Ind AS financial statements and our auditor's report thereon. Our opinion on the Consolidated Ind AS 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 Ind AS 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 Ind AS 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

Responsibility of Management and Those Charged with Governance for Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated changes in equity, consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate 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 Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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 and its associate to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated financial statements of which we are the independent auditors. 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 and such other entities included in the Consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. We did not audit the financial statement of 1 subsidiary included in the Consolidated year to date financial results, whose financial results reflect total assets of ₹1.25 lakhs as at March 31, 2026, total revenues of ₹Nil lakhs and net cash flows of ₹Nil for the year ended on that date, as considered in the Consolidated financial results. This financial statement and other financial information have been prepared and provided to us by the management and our opinion on the year to date Consolidated results to the extent they have been derived from such financial statement is based solely on the report of the management. Our report is not modified in respect of this matter.

b. We did not audit the financial statement of Kirloskar (Malaysia) Sdn, Bhd., an associate of the Company whose share of loss of the Group was ₹ Nil (restricted to the value of the investments) was considered in the preparation of these Consolidated financial results. This financial statement and other financial information has been prepared and provided to us by the management and our opinion on the year-to-date Consolidated results to the extent they have been derived from such financial statement is based solely on the report of the management. Our report is not modified in respect of this matter.

c. We did not audit the financial statement/information of Ajman Branch office of the Company, included in the financial statements of the Company for the quarter and year ended March 31, 2026 whose financial statements/information reflect total assets of ₹1,175.87 lakhs as at March 31, 2026 and total revenues of ₹2,483.91 lakhs for the year ended on that date. The financial statements/information of the said branch has been audited by the Branch Auditor whose report has been furnished to us. So, to the extent the amounts have been derived from such financial statements is based solely on the report of the Branch auditor. Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements;

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept by the Group so far as it appears from our examination of those books and the reports of the other auditors;

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, and the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements;

   d. In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules 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 subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India 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 over financial reporting of the Holding Company and its subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate report in **“Annexure A”;**

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. With respect to the other matters to be included in the Auditors' 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 Holding Company and its subsidiary companies incorporated in India have disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements – Refer note 36(1a) to the Consolidated Ind AS financial statements.

ii. The Holding Company and its subsidiary companies incorporated in India did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under applicable laws or accounting standards.

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 subsidiary companies incorporated in India.

iv. The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or any of such subsidiaries to or in another person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(a) The respective managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(c) The Company has not declared or paid any Dividend during the year.

(d) Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a 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, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

As per Rule 3 (1) of Companies (Accounts) Rules, 2014 is applicable for financial year ended March 31, 2026, reporting under 11(g) of Companies (Audit and Auditors) Rule 2014 on preservation of audit trail as per statutory requirements for record retention is applicable for the financial year ended March 31, 2026.

2. 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 Standalone

Financials of the Company and by other auditors for its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, there are no qualifications or adverse remarks in these CARO reports to be reported.

For **K N Prabhashankar & Co.**,
Chartered Accountants
Firm Reg. No. 004982S

A.Umesh Patwardhan
Partner
M. No.222945
UDIN: 25222945DNSCCX6295

Place: Bengaluru
Date: May 26, 2026

Annexure 'A' to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2026, we have audited the internal financial controls over financial reporting of Kirloskar Electric Company Limited ("the Company") and its subsidiary companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the 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". 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls 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 over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiaries incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting 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”.

Other Matters

Our aforesaid reports under 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting as it related to 4 subsidiary companies, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

For **K N Prabhashankar & Co.,**
Chartered Accountants
Firm Reg. No. 004982S

A.Umesh Patwardhan
Partner
M. No.222945
UDIN: 25222945DNSCCX6295

Place: Bengaluru
Date: May 26, 2026

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2026

₹ In lakhs

Particulars	Note No.	As at March 31,2026	As at March 31,2025
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	43,165.61	43,522.89
(b) Investment Property	4	508.36	1,056.92
(c) Other Intangible assets	5	5.49	20.93
(d Financial assets			
(i) Investments	6	196.78	203.41
(ii) Trade receivables	7	273.60	205.27
(iii) Other financial assets	8	23.67	57.79
(e) Other non-current assets	9	1,327.94	1,975.92
Total Non-current assets		**45,501.45**	**47,043.13**
Current assets			
(a) Inventories	10	5,370.36	4,538.80
(b) Financial assets			
(i) Trade receivables	11	8,361.88	5,853.64
(ii) Cash and cash equivalents	12	1,917.40	1,682.75
(iii) Other Bank balances	13	1,275.23	1,231.60
(c) Other current assets	14	897.07	816.30
Total Current assets		**17,821.94**	**14,123.09**
TOTAL ASSETS		**63,323.39**	**61,166.22**
I. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	15	6,641.41	6,641.41
(b) Other equity	16	6,541.05	5,885.41
Equity attributable to shareholders		**13,182.46**	**12,526.82**
Non-controlling interest		-	-
TOTAL EQUITY		**13,182.46**	**12,526.82**
II. LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	17	640.74	630.18
(b) Provisions	18	3,593.23	2,693.84
(c) Deferred tax liabilities (net)	19	4,834.76	4,946.12
Total non current liabilities		**9,068.73**	**8,270.14**

₹ In lakhs

Particulars	Note No.	As at March 31,2026	As at March 31,2025
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	10,032.85	11,610.52
(ii) Trade payables			
(1) dues to micro and small enterprises, and	21(1)	1,581.10	861.10
(2) dues to creditors other than micro and small enterprises	21(2)	16,834.74	16,962.60
(iii) Other financial liabilities	22	-	1.41
(b) Provisions	23	2,184.04	1,749.71
(c) Other current liabilities	24	10,409.13	9,165.35
(d) Current Tax Liabilities (Net)	25	30.34	18.58
Total current liabilities		**41,072.20**	**40,369.27**
TOTAL EQUITY AND LIABILITIES		**63,323.39**	**61,166.23**

Significant accounting policies and notes attached form an integral part of the financial statements **1-36**

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No:222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2026

₹ in Lakhs

	Particulars	Note No.	As at March 31,2026		As at March 31,2025	
I	Revenue from operations	26		58,933.64		54,382.39
II	Other income	27		1,105.85		774.51
III	**Total income (I + II)**			**60,039.49**		**55,156.90**
IV	**Expenses:**					
	Cost of materials consumed	28	41,642.71		37,861.19	
	Changes in inventories of finished goods, work in progress and Stock-in-Trade	29	(677.24)		219.81	
				40,965.47		38,081.00
	Employee benefit expenses	30		7,811.05		7,546.27
	Finance costs	31		2,547.52		2,432.44
	Depreciation and amortization expenses	32		434.21		489.16
	Other expenses	33		6,604.09		7,204.79
				58,362.34		55,753.66
	Less: expenses capitalised			-		0.05
	Total expenses			**58,362.34**		**55,753.61**
V	**Profit before exceptional items and tax (III-IV)**			1,677.15.		(596.71)
VI	Exceptional Items	34		(808.52)		994.97
VII	**Profit before tax (V-VI)**			**868.63**		**398.26**
VIII	**Tax expense:**					
	Current tax		30.34		18.58	
	Earlier year tax		-		6.64	
	Deferred tax		-	30.34	-	**25.22**
IX	**Profit for the year (VII - VIII)**			**838.29**		**373.04**
X	**Other comprehensive income**					
	(i) Items that will not be reclassified to profit or loss :					
	a) Remeasurements of the defined benefit plans		78.62		45.36	
	b) Taxes on above		(21.87)		(12.36)	
	(ii) Items that will be reclassified to profit or loss:					
	a) Mark to Market of Investments		(6.63)		13.23	
	b) Revaluation gain on Land (Refer note-3)		(366.00)		-	
	c) Taxes on above		133.23	**(182.65)**	2,821.43	**2,867.40**
XI	**Total comprehensive income for the year (IX+X)**			**655.64**		**3,240.44**

₹ in Lakhs

	Particulars	Note No.	As at March 31,2026		As at March 31,2025	
XII	**Earning per equity share (for continuing operations & combined)**	35				
	Basic (in ₹)			1.26		0.56
	Earning per equity share (for continuing operations & combined)	35				
	Diluted (in ₹)			1.26		0.56
	(Paid up value per share)			10.00		10.00

Significant accounting policies and notes attached form an integral part of the financial statements **1 - 35**

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No:222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

₹ In lakhs

Particulars	March 31,2026		March 31,2025	
Cash flows from operating activities				
Profit before taxation		868.63		398.26
Adjustments for:				
Depreciation and amortisation	434.21		489.16	
Provisions (net)	1,458.26		568.61	
(Profit / Loss) on sale of fixed assets	(772.89)		0.32	
Interest income	(102.67)		(111.20)	
Dividends received	(1.10)		(0.63)	
Finance costs	2,547.52		2,432.44	
		3,563.33		3,378.70
		4,431.96		**3,776.96**
(Increase)/ decrease in trade and other receivables	(2,709.76)		1,581.43	
(Increase)/ decrease in inventories	(831.56)		286.13	
Increase/ (decrease) in trade payables and other current liabilities	1,744.31		(2,013.39)	
		(1,797.01)		(145.83)
		2,634.95		**3,631.13**
Income taxes paid		92.69		54.86
Net cash from operating activities		**2,542.26**		**3,576.27**
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,618.64)		(388.53)	
Proceeds from sale of property, plant and equipment	5,696.75		0.23	
Proceeds from sale of investment property	548.56		-	
Interest received	98.59		97.12	
Increase in margin money and short term deposits	(9.51)		198.15	
Dividend received	1.10		0.63	
Net cash from investing activities		**1,716.85**		**(92.40)**
Cash flows from financing activities				
ICD's accepted	1,000.00		400.00	
ICD's repaid	(1,436.80)		(1,264.77)	
Repayment of fixed deposits from public	-		(10.00)	
Increase/ (decrease) of short term borrowings (net)	(1,140.87)		(162.50)	
Finance costs	(2,446.79)		(2,438.65)	

₹ In lakhs

Particulars	As at March 31,2026		As at March 31,2025	
Net cash from financing activities		**(4,024.46)**		**(3,475.92)**
Net increase/(decrease) in cash and cash equivalents		**234.65**		**7.95**
Cash and cash equivalents at beginning of the year		1,682.75		1,674.80
Cash and cash equivalents at end of the year		**1,917.40**		**1,682.75**

Cash & Cash equivalents:

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS-7, 'Statements of Cash Flow'. Cash and cash equivalents are net of bank overdraft as required under Ind AS -7. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:

Cash on hand and bank balances	3,192.63	2,914.35
Less: Other bank balances	1,275.23	1,231.60
Cash and cash equivalents as restated	**1,917.40**	**1,682.75**

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
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Managing Director
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Dillip Kumar Pani
Chief Financial Officer
Membership No:222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

1 BACKGROUND:

The Consolidated Financial Statements comprise financial statements of "Kirloskar Electric Company Limited ("the Holding Company") and its subsidiaries and associate (collectively referred as "the Group") for the year ended March 31, 2025 and the principal activities of the group is manufacture and sale of electric motors, alternators, generators, transformers, switchgear, DG sets etc.

2 SIGNIFICANT ACCOUNTING POLICIES :

a BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements of the company have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Freehold Land classified as Own assets and Leasehold Land classified as Assets taken on Finance Lease
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

b PRINCIPLES OF CONSOLIDATION :

i) The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditures after eliminating intra group balances and transactions to the extent identified and reconciled in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements .

ii) The subsidiary of the Company, namely Kirsons BV has been classified as an 'Integral Foreign Operation'. Revenue items denominated in foreign currency have been converted at the average rate prevailing during the year. Non monetary foreign currency assets and liabilities have been accounted at the rate of exchange prevailing on the transaction date. Monetary foreign currency assets and liabilities have been converted at the rates prevailing at the end of the year. Resultant differences have been adjusted in the statement of profit & loss.

iii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries and associates are recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

iv) Investments in associate companies have been accounted under the equity method as per Ind AS 28 - "Investments in Associates and Joint Ventures".

v) Under the equity method of accounting, the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of investment is adjusted thereafter for post acquisition changes in the investor's share of net assets of the investee. The consolidated statement of profit and loss reflects the investor's share of the results of operations of the investee. Calculation of goodwill/ capital reserve as well as post acquisition changes has been made based on available information. Comprehensive information was not available.

c FUNCTIONAL AND PRESENTATION CURRENCY:

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information is presented in Indian Rupees (₹) rounded to the nearest Lakhs, except share and Earning per share data, unless otherwise stated.

d FAIR VALUE MEASUREMENT :

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

* Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
* Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
* Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e PROPERTY, PLANT AND EQUIPMENT ("PPE"):

(i) Tangible Assets:

Land has been recognized on the revaluation model envisaged in Ind AS 16. Revaluations are carried out at sufficient regularity. Other items of PPE are stated at the cost of acquisition less accumulated depreciation and write down for, impairment if any. Direct costs are capitalized until the assets are ready to be put to use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, which do not meet the definition of PPE as per Ind AS 16 are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of PPE and are recognized in the statement of profit and loss when the PPE is derecognized.

(ii) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets comprise computer software held for use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

In both cases, the company has opted for the exemption provided in Ind AS 101 by treating the book value of PPE (other than land which was revalued on April 01,2016) and intangible assets as on the transition date (April 01,2016) as the deemed cost of the relevant assets.

(iii) Depreciation & Amortization:

a. Depreciation on furniture and fixtures costing above ₹ 5,000/- provided at the residences of the employees has been charged at the rate of 33.33% on the straight-line method irrespective of the month of addition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

b. Depreciation on assets taken on finance lease is charged over the primary lease period.

c. Depreciation on PPE (other than Furniture and Fixtures provided to employees and assets taken on finance lease) bought/sold during the year is charged on straight line method as per the useful life in Schedule II of Companies Act 2013 on a monthly basis, depending upon the month of the financial year in which the assets are installed/sold.

d. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

f INVESTMENT PROPERTIES:

a. Investment properties are properties held for a currently undetermined future use and are valued at cost.

b. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the standalone statement of profit and loss in the period in which the property is derecognized.

g NON CURRENT ASSETS HELD FOR SALE:

Non Current Assets held for sale are stated at cost or estimated net realizable value, whichever is lower.

h INVENTORIES:

(I) Inventories does not include spare parts ,servicing equipment and stand by equipment which meet definition of PPE as per AS-10 (revised) .

(ii) Raw materials, stores, spare parts and components are valued at cost on weighted average basis or net realizable value whichever is lower.

(iii) Work in progress is valued at works cost or net realizable value whichever is lower.

(iv) Finished goods are valued at works cost or net realizable value whichever is lower.

(v) Material cost of work in progress and finished goods are computed on weighted average basis.

i REVENUE RECOGNITION:

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 01 April, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 01 April, 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) -'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

j EMPLOYEE BENEFITS:

(i) Short term employee benefits:

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognized on an undiscounted basis and charged to the statement of profit and loss.

(ii) Post employment benefits:

a. Defined contribution plans:

The Company has contributed to provident, pension and superannuation funds which are defined contribution plans. The contributions paid/ payable under the scheme are recognized during the year in which employee renders the related service.

b. Defined benefit plans:

Employees' gratuity is defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the other comprehensive income. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms that matches to the defined benefit obligation. Gratuity to employees is covered under Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.

c. Compensated Absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the statement of profit and loss in the year in which they arise.

k FOREIGN CURRENCY TRANSACTIONS:

(i) Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction / rates that approximate the actual rates as at that date.

(ii) Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. All exchange differences are accounted for in the statement of profit and loss.

(iii) Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

(iv) Branches are considered as integral foreign operations and have been translated at rates prevailing on the date of transaction/rate that approximates the actual rate as at that date. Branch monetary assets and liabilities outstanding as at year end are restated at the year end rates.

l TAXATION:

Income tax expense is the sum of current tax and deferred tax.

Current tax:

The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss due to the effect of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

m BORROWING COSTS:

Interest and other borrowing costs on specific borrowings relatable to qualifying assets are capitalized up to the date such assets are ready for use / intended to use. Other interest and borrowing costs are charged to the statement of profit and loss.

n LEASES:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

o PROVISIONS AND CONTINGENT LIABILITIES:

i) A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

ii) Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

iii) Provisions for warranty-related costs are recognized when the service provided to the customer. Initial recognition is based on historical experience and the present value of the future estimated obligation. The initial estimate of warranty-related costs is revised annually. The annual rewinding of interest is recognized in the Statement of Profit and Loss.

iv) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p FINANCIAL INSTRUMENTS:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

(i) Cash and Cash Equivalents:

Cash and Cash Equivalents comprise cash and deposit with banks other than for term deposit earmarked for Bank Guarantee. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(ii) Financial assets at amortized cost:

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these 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.

(iii) Financial liabilities:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

q IMPAIRMENT:

(i) Financial Assets:

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Other Equity Investments:

All other equity instruments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

(iii) Non Financial Assets:

A non financial asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to statement of profit and loss, in the year in which an asset is identified as impaired.

r EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of 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 are adjusted for the effects of all dilutive potential equity shares.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

(a) Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the Beginning of the year	6,641.40	6,641.40
Changes in equity share capital during the year	-	-
Balance at the end of the year	**6,641.40**	**6,641.40**

(b) Other Equity

₹ in Lakhs

Particulars	Capital redemption reserve	Capital reserve on consolidation	Capital reserve	Securities premium	Retained earnings	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total (B)	Total Other equity (A+B)
								Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
								Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee benefits		
Total comprehensive income as at March 31 2024	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(38,204.76)**	**641.67**	**(30,708.57)**	**116.78**	**32,100.81**	**84.38**	**32,301.97**	**1,593.40**
Add/(Less):Effect of scheme of merger					1,051.57		1,051.57	-	-	-	-	1,051.57
Add/(Less): Profit/ (loss) for the Year	-	-	-	-	373.04	-	373.04	13.23	-	-	13.23	386.27
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	45.36	45.36	45.36
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	(0.54)	2,821.97	(12.62)	2,808.81	2,808.81
Total comprehensive income as at March 31 2025	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(36,780.15)**	**641.67**	**(29,283.96)**	**129.47**	**34,922.78**	**117.12**	**35,169.37**	**5,885.41**
Add/(Less): Profit/ (loss) for the Year	-	-	-	-	838.29	-	838.29	(6.63)	(366.00)	-	(372.63)	465.66
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	78.62	78.62	78.62
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	133.23	- -	(21.87)	111.36	111.36
Total comprehensive income as at March 31 2026	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(35,941.86)**	**641.67**	**(28,445.67)**	**256.07**	**34,556.78**	**173.87**	**34,986.72**	**6,541.05**

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No: 222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 Property plant and equipment:

₹ In Lakhs

Tangible assets	Own Assets									Assets taken on Finance Lease	Total
Gross block	**Land**	**Building**	**Plant and equipment**	**Tools & Jigs**	**Electrical installations**	**Motor vehicles**	**Office equipments**	**Furniture and fittings**	**Leasehold improvements**	**Land**	
Balance as at March 31, 2024	**35,447.24**	**5,040.54**	**15,356.07**	**1,951.49**	**154.59**	**393.48**	**397.42**	**574.63**	**313.35**	**4,920.10**	**64,548.91**
Additions		59.19	137.24	27.24	-	-	6.08	7.54			237.29
Revaluation (Refer note 4 below)											-
Disposals	-	-	2.54	-		-	1.61	10.39		-	14.54
Balance as at March 31, 2025	**35,447.24**	**5,099.73**	**15,490.77**	**1,978.73**	**154.59**	**393.48**	**401.89**	**571.78**	**313.35**	**4,920.10**	**64,771.66**
Additions (Refer note 1 below)	4,921.44	4.85	391.20	4.76	0.50	-	25.09	3.51			5,351.35
Revaluation (Refer note 4 below)	366.00									-	366.00
Reclassification to investment property											-
Disposals	3.39		0.92	0.02		-	5.09	3.85		4,920.10	4,933.37
Balance as at March 31, 2026	**39,999.29**	**5,104.58**	**15,881.05**	**1,983.47**	**155.09**	**393.48**	**421.89**	**571.44**	**313.35**	**-**	**64,823.64**
Accumulated depreciation											
Balance as at March 31, 2024	**-**	**2,990.09**	**14,743.41**	**1,616.51**	**154.52**	**303.70**	**256.60**	**558.45**	**169.45**	**-**	**20,791.73**
Depreciation charge for the year	-	157.05	192.24	61.49	0.07	12.08	32.01	5.87	10.47	-	471.28
Disposals	-	-	2.54	-	-	-	1.60	10.10	-	-	14.24
Balance as at March 31, 2025	**-**	**3,147.14**	**14,933.11**	**1,678.00**	**154.59**	**315.78**	**286.01**	**554.22**	**179.92**	**-**	**21,248.77**
Depreciation charge for the year	-	158.12	138.51	58.62	0.03	12.08	34.36	6.58	10.47	-	418.77
Disposals	-	-	0.92	-	-	-	5.03	3.56	-	-	9.51
Balance as at March 31, 2026	**-**	**3,305.26**	**15,070.70**	**1,736.62**	**154.62**	**327.86**	**315.34**	**557.24**	**190.39**	**-**	**21,658.03**
Net block											
Balance as at March 31, 2024	35,447.24	2,050.45	612.66	334.98	0.07	89.78	141.82	16.18	143.90	4,920.10	43,757.18
Balance as at March 31, 2025	35,447.24	1,952.59	557.66	300.73	-	77.70	115.88	17.56	133.43	4,920.10	43,522.89
Balance as at March 31, 2026	**39,999.29**	**1,799.32**	**810.35**	**246.85**	**0.47**	**65.62**	**106.55**	**14.20**	**122.96**	**-**	**43,165.61**

Additional information:

1) Land acquired on lease from KIADB at a cost of ₹68.70 lakhs was converted to freehold by paying the requisite conversion fee on 21 August 2025 and completion of requisite formalities including execution of the sale deed. Consequently, the Company has obtained freehold title and the land is classified as Freehold Land from the effective date of conversion.

2) Management has determined that there are no significant parts of assets whose useful life is different from that of the principal asset to which it relates to in terms of Note 4 Schedule II to the Companies Act, 2013. Accordingly, useful life of assets have been determined for the overall asset and not for its individual components.

3) During the current year ended March 31,2026, the Company has sold 1.06 acres of non core asset situated at Gokul road Hubbali and accordingly the revaluation gain of ₹ 366 lakhs recognised earlier has been reversed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
4 Investment property:		
Land	508.36	1,056.92
	508.36	**1,056.92**

6 Other Intangible Assets ₹ In Lakhs

Gross block	Goodwill	Computer software	Techincal knowhow & product development	Total
Balance as at March 31, 2024	**423.46**	**665.89**	**1,088.51**	**2,177.86**
Additions	-	-	-	-
Revaluation		-		-
Disposals		159.02		**159.02**
Balance as at March 31, 2025	**423.46**	**506.87**	**1,088.51**	**2,018.84**
Additions	-	-	-	-
Revaluation		-		-
Disposals		-		-
Balance as at March 31, 2026	**423.46**	**506.87**	**1,088.51**	**2,018.84**
Accumulated amortisation:				
Balance as at March 31, 2024	**423.46**	**626.83**	**1,088.51**	**2,138.80**
Depreciation charge for the year	-	17.88	-	17.88
Disposals	-	158.77		158.77
Balance as at March 31, 2025	**423.46**	**485.94**	**1,088.51**	**1,997.91**
Depreciation charge for the year		15.44	-	15.44
Disposals	-	-		-
Balance as at March 31, 2026	**423.46**	**501.38**	**1,088.51**	**2,013.35**
Net block				
Balance as at March 31, 2024	-	39.06	-	39.06
Balance as at March 31, 2025	-	20.93	-	20.93
Balance as at March 31, 2026	**-**	**5.49**	**-**	**5.49**

6 Investments:

Details of investments	Name of the Company	As at March 31, 2026			As at March 31, 2025		
		No. of shares	Face value	₹ In Lakhs	No. of shares	Face value	₹ In Lakhs
a) Investments in equity Instruments:							
i)	Associates: (Trade)						
	Fully paid up						
	Kirloskar (Malaysia) Sdn. Bhd. Kuala Lumpur, Malaysia	3,00,000	MR1	-	3,00,000	MR1	-
ii)	Others						
	Fully paid up						
	ICICI bank Limited (on merger of Sangli Bank Limited)	5,945	2	71.64	5,945	2	80.16
	The Mysore Kirloskar Limited (refer additional information 3 below)	7,70,750	10	-	7,70,750	10	-
	Kirloskar Proprietary Limited	286	100	45.34	286	100	40.02
	Kirsons Trading Pte.Limited	56,250	S $1	43.58	56,250	S $1	43.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Kirloskar Power Equipments Limited	3,40,000	10	35.77	3,40,000	10	39.45
Dr. Prabhakar Kore Credit Souhard Shakari Ltd	210	100	0.20	210	100	0.20
b) Investments in debentures or bonds						
i) Others						
Fully paid up						
The Mysore Kirloskar Ltd (refer additional information 3 below)	30,000	44	-	30,000	44	-
Total			**196.78**			**203.41**

Additional Information:

1) Aggregate value of quoted investments:		
Carrying Value	1.00	1.00
Market Value	71.64	80.16
2) Aggregate value of unquoted investments:		
Carrying Value	125.14	123.25

3) Securities in The Mysore Kirloskar Limited have been written off.

4) Shares held in Kirloskar Proprietary Limited, Kirloskar Trading Pte Limited and Kirloskar Power Equipment Limited (all unlisted) have been mark to market based on the net asset value of an equity share as at March 31,2025 and March 31,2024 as per their latest audited financial statements as of those dates. The differential amounts as on the date of transition has been recognized in opening reserves and changes thereafter have been recognized as other comprehensive income.

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
7	**Trade receivables:**		
	(unsecured and considered good)		
	i) Long term trade receivables	273.60	205.27
		273.60	**205.27**
8	**Other financial assets:**		
	i) Bank deposits with more than twelve months maturity	23.67	57.79
		23.67	**57.79**
9	**Other non current assets:**		
	(unsecured and considered good, unless otherwise stated)		
	i) Capital advances	203.63	936.34
	Less: Allowance for capital Advance	12.93	12.93
		190.70	**923.41**
	ii) Security deposits	365.54	343.31
	iii) Rent deposit to related parties	100.00	100.00
	iv) Deferred Income - rental deposit	-	14.48
	v) Disputed statutory liabilities/ taxes paid	436.47	433.60
	vi) Income tax receivable (net)	235.23	161.12
		1,137.24	**1,052.51**
		1,327.94	**1,975.92**
	Amounts due from a private company in which a director of the Company is a director included in (iii) above	100.00	100.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars		As at March 31, 2026	As at March 31, 2025
10	**Inventories:**			
	I)	Raw materials	1,246.60	1,101.52
	ii)	Work in progress	2,697.53	2,664.44
	iii)	Finished goods	870.84	833.69
	iv)	Stores and spares	65.24	56.00
	v)	Others (scrap stock)	13.82	4.88
	Goods in transit:			
	I)	Finished goods	598.06	-
			5,492.09	**4,660.53**
	Less: Provision for non-moving stocks		121.73	121.73
			5,370.36	**4,538.80**
11	**Trade receivables:**			
	i)	Trade receivables exceeding six months	5,775.82	1,479.10
	ii)	others	8,379.08	10,121.64
			14,154.90	**11,600.74**
	Less: allowance for credit loss		5,793.02	5,747.10
			8,361.88	**5,853.64**
1) Amounts due by private companies in which directors of the Company are directors			-	-

Trade receivables ageing as at March 31, 2026:

Particulars	Undisputed trade receivables		Disputed trade receivables		Total
	Considered good	Considered- credit impaired	Considered good	Considered- credit impaired	
Less than 6 months	8,309.68	-	-	69.40	8,379.08
6 months to 1 year	361.12	-	-	26.16	387.28
1-2 year	153.58	-	1.90	47.98	203.46
2-3 year	91.53	-	0.05	71.39	162.97
More than 3 year	42.03	4,149.74	2.31	828.03	5,022.11
Total					**14,154.90**
Less: allowance for credit loss					5,793.02
Total					**8,361.88**

12	**Cash and cash equivalents:**			
	i)	Balances with banks		
		- in other accounts	1,905.22	1,674.64
	ii)	Cash on hand	12.18	6.61
			1,917.40	**1,682.75**
13	**Other bank balances:**			
	i)	Balances with banks		
		- in short term deposits	393.83	474.93
		- in margin money, security for borrowings, guarantees and other commitments	881.40	756.67
			1,275.23	**1,231.60**
	Total (a + b)		**3,192.63**	**2,914.35**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
14	**Other Current assets:**		
	(unsecured and considered good, unless otherwise stated)		
	i) Loans and advances to related parties (refer note 35(5))	136.54	108.49
	ii) Advance paid to suppliers and others	826.82	774.10
		963.36	**882.59**
	Less: Allowance for doubtful advances for advance paid to suppliers and others	66.29	66.29
		897.07	**816.30**
	Debts due by directors or other officers of the company		
	Amounts due by private companies in which directors of the Company are directors	136.54	108.49

		Number	₹ In Lakhs	Number	₹ In Lakhs
15	**Share capital:**				
	Authorized: (*)				
	Preference Shares of ₹ 100/- each	3,000,000	3,000.00	3,000,000	3,000.00
	Preference shares of ₹ 10/- each	40,000	4.00	40,000	4.00
	Equity shares of ₹ 10/- each	1,53,270,000	15,327.00	1,53,270,000	15,327.00
			18,331.00		**18,331.00**

* The increase in the Authorised share capital is pursuant to the merger of Company's wholly owned subsidiaries i.e., Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited, SLPKG Estate Holdings Private Limited and Luxquisite Parkland Private Limited with the Company w.e.f April 01, 2024.

	Number	₹ In Lakhs	Number	₹ In Lakhs
Issued, subscribed and fully paid up:				
Equity shares of ₹ 10/- each				
At the beginning of the year	66,414,071	6,641.41	66,414,071	6,641.41
Issued during the year	-	-	-	-
At the close of the year	**66,414,071**	**6,641.41**	**66,414,071**	**6,641.41**
Total carried to Balance Sheet	**66,414,071.00**	**6,641.41**	**66,414,071.00**	**6,641.41**

Foot notes

1 Preference shares:

a. The Company had issued cumulative preference shares of ₹ 100/- each. The preference shareholders did not have voting rights.

b. 1,176,746 Preference shares (value ₹ 1,176.75 lakhs) were allotted pursuant to a contract without consideration being received in cash. These preference shareholders were allotted to preference share holders of Kaytee Switchgear Limited as fully paid up pursuant to the Scheme of arrangement approved by the Honorable High Court of Karnataka under sec 391 -394 of the Companies Act, 1956 without payment being received in cash.

c. During the financial year 2014-15 Company issued and allotted 1,595,890 (Fifteen lakh ninety five thousand eight hundred and ninety) Compulsory Convertible Preference Shares ("CCPS") of ₹ 100/-(Rupees one hundred), to Mr. Vijay Ravindra Kirloskar (Promoter) by way of private placement for a tenor not exceeding 18 months which will carry a preferential cumulative dividend of 0.1% (zero point one per cent) per annum, payable till the date of conversion into equity shares.

7,77,485 Preference shares were converted into 25,54,156 equity shares of face value of Rs.₹ 10/- each issued at premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the first tranche on February 11, 2016 and 8,18,405 Preference shares were converted into 26,88,583 equity shares of face value of Rs. ₹ 10/- each issued at a premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the second tranche on September 26, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 Equity shares:

a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b. Equity Shares of ₹ 10/- each includes:

	Particulars	As at March 31, 2026		As at March 31, 2025	
		Number	₹ in Lakhs	Number	₹ in Lakhs
(i)	Equity shares include Shares allotted pursuant to a contract without consideration being received in cash. These shares were issued to shareholders of Kaytee Switchgear Limited and Kirloskar Power Equipment Limited as fully paid, pursuant to Scheme of arrangement approved by the Honorable High Court of Karnataka under sections 391 to 394 of the Companies Act, 1956.	17,252,550	1,725.26	17,252,550	1,725.26
(ii)	Shares allotted during the year 2007-08 to the promoters group in terms of order dated September 29, 2007 of the Honorable High Court of Karnataka read with scheme of arrangement dated February 13, 2003 under sections 391 to 394 of The Companies Act, 1956.	2,000,000	200.00	2,000,000	200.00
(iii)	Shares allotted during the year 2003 - 04 to IDBI on conversion of Preference Share Capital at face value as per the scheme of arrangement approved by Honorable High Court of Karnataka.	6,000,000	600.00	6,000,000	600.00
(iv)	Shares allotted during the year 2014-15 to Vijay R Kirloskar at a premium of ₹ 20.44 per share	2,658,200	265.82	2,658,200	265.82
(v)	Shares allotted during the year 2015-16 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,554,156	255.42	2,554,156	255.42
(vi)	Shares allotted during the year 2016-17 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,688,583	268.86	2,688,583	268.86

c. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

	Particulars	As at March 31, 2026		As at March 31, 2025	
		Number	Percentage	Number	Percentage
(i)	Abhiman Trading Company Private Limited	5,217,063	7.86%	5,217,063	7.86%
(ii)	Vijayjyothi Investment & Agencies Private Limited	4,271,217	6.43%	4,271,217	6.43%
(iii)	Mr. Vijay Ravindra Kirloskar	12,043,288	18.13%	11,946,468	17.99%
(iv)	Vijay Farms Private Limited	3,540,807	5.33%	3,540,807	5.33%

d. Shareholding of promotors

Sl No.	Shares held by promoters at the end of the year			% Change during the year
	Promoter name	No. of Shares	% of total shares	
1	Vijay Ravindra Kirloskar	12,043,288	18.13	0.08%
2	Meena Kirloskar	184,514	0.28	-
3	Abhiman Trading Company Limited	5,217,063	7.86	-
4	Vijayjyothi Investments and Agencies Private Limited	4,271,217	6.43	-
5	Vijay Farms Private Limited	3,540,807	5.33	-
6	Vijaykirti Investments and Agencies Private Limited	3,064,094	4.61	-
7	Sri Vijayadurga Investments and Agencies Private Limited	1,774,506	2.67	-
8	Vimraj Enterprises Private Limited	1,606,483	2.42	-
9	Kirloskar Power Equipments Limited	1,146,315	1.73	-
10	Kirloskar Batteries Private Limited	186,500	0.28	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 Other Equity

₹ in Lakhs

Particulars	Capital redemption reserve	Capital reserve on consolidation	Capital reserve	Securities premium	Retained earnings	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total(B)	Total Other equity
								Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
								Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee benefits		
Total comprehensive income as at March 31 2024	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(38,204.76)**	**641.67**	**(30,708.57)**	**116.78**	**32,100.81**	**84.38**	**32,301.97**	**1,593.40**
Add/(Less): Effect of scheme of merger					1,051.57		1,051.57				-	1,051.57
Add/(Less): Profit/ (loss) for the Year	-	-	-	-	373.04	-	373.04	13.23	-	-	13.23	386.27
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	45.36	45.36	45.36
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	(0.54)	2,821.97	(12.62)	2,808.81	2,808.81
Total comprehensive income as at March 31, 2025	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(36,780.15)**	**641.67**	**(29,283.96)**	**129.47**	**34,922.78**	**117.12**	**35,169.37**	**5,885.41**
Add/(Less): Profit/ (loss) for the Year	-	-	-	-	838.29	-	838.29	(6.63)	(366.00)	-	(372.63)	465.66
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	78.62	78.62	78.62
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	133.23	-	(21.87)	111.36	111.36
Total comprehensive income as at March 31, 2026	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(35,941.86)**	**641.67**	**(28,445.67)**	**256.07**	**34,556.78**	**173.87**	**34,986.72**	**6,541.05**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
Non- Current Liabilities			
17	**Other Financial Liabilities:**		
	Security deposits from suppliers and dealers	626.84	611.85
	Vehicle Loan	13.90	18.33
		640.74	**630.18**
18	**Provisions:**		
	Provisions for employee defined benefit plans	3,593.23	2,693.84
		3,593.23	**2,693.84**
19	**Deferred tax Liabilities (Net):**		
	i) Deferred tax liability:		
	a) On account of depreciation on fixed assets (other than land)	476.34	476.34
	b) On account of revaluation of land	4,834.76	4,946.12
	Total	**5,311.10**	**5,422.46**
	ii) Deferred tax asset:		
	a) On account of timing differences in recognition of expenditure (restricted to deferred tax liability)	476.34	476.34
	Total	**476.34**	**476.34**
	Net deferred tax liability/(asset)	**4,834.76**	**4,946.12**
Current Liabilities			
20	**Borrowings:**		
	1) Secured loans:		
	a) Loans repayable on demand		
	- from banks	2,464.42	3,605.29
	- Other than banks	-	-
		2,464.42	**3,605.29**
	2) Unsecured loans:		
	Other than banks:		
	a) Inter corporate deposits	7,568.43	8,005.23
	b) Current maturities of fixed deposits	-	-
		7,568.43	**8,005.23**
	Total	**10,032.85**	**11,610.52**
1)	**Details of security for secured loans:**		
	a) Working capital loan (cash credit) from Lenders as specified in Master Restructuring Agreement ("MRA") are secured against a first pari passu charge by way of hypothecation of all book debts, receivables, stocks, inventories, operating cash flows, commissions, revenues of whatsoever nature and whatever arising (present & future) including Trust and Retention Account, a first pari passu charge by way of mortgage on all of the Company's immovable properties as set out in Schedule VI of MRA, a first pari passu charge by way of pledge of 24,886,143 fully paid equity shares of the Company held by the promoters as specified in MRA. These loans carry an interest rate of 13.61% of Bank of India and 14.85% of SBI per annum and also guaranteed by the Executive Chairman of the Company.	2,464.42	3,605.29

2) Details of security for unsecured loans:

a) Inter corporate deposits are taken for periods ranging between 90 to 360 days with interest rates averaging upto 12.11% per annum.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
21 Trade payables:		
1) Dues to micro, small and Medium enterprises	1,581.10	861.10
	1,581.10	**861.10**
2) Dues to creditors other than micro, small and Medium enterprises		
i) Other trade payables	11,223.48	12,734.24
ii) Acceptances	5,611.26	4,228.36
	16,834.74	**16,962.60**

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

₹ In Lakhs

Sl No.	Particulars	As at March 31, 2026	As at March 31, 2025
1	Principal amount due and remaining unpaid	1,581.10	861.10
2	Interest due on (1) above and the unpaid interest	88.04	88.04
3	Interest paid on all delayed payments under the MSMED Act	Nil	Nil
4	Interest due and payable for the period of delay other than (3) above	Nil	Nil
5	Interest accrued and remaining unpaid	0.32	0.32
6	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	88.36	88.36

Trade Payables ageing as at March 31, 2026: ₹ In Lakhs

Sl.No.	Particulars	Dues to micro and small enterprises	Other trade payables
1	Not due	488.30	5,622.49
2	Less than 1 year	887.14	1,530.14
3	1-2 years	41.69	341.09
4	2-3 years	22.79	228.61
5	More than 3 years	141.18	3,501.15
	Total	**1,581.10**	**11,223.48**

Particulars	As at March 31, 2026	As at March 31, 2025
22 Other financial liabilities:		
a) Interest accrued	-	1.41
	-	**1.41**
23 Provisions:		
a) Provision for short term compensated absences	235.86	134.98
b) Provision for wage arrears	1,131.62	1,086.16
c) Provision for warranty	415.23	421.76
d) Provision for contingencies	401.33	106.81
	2,184.04	**1,749.71**
24 Other current liabilities:		
a) Statutory liabilities	534.25	326.56
b) Other liabilities *	6,650.09	6,437.03
c) Trade advances	3,224.79	2,401.76
	10,409.13	**9,165.35**

* include ₹ 1.70 Lakhs (March 31, 2025: ₹ 3.14 Lakhs) payable towards Voluntary Retirement Scheme (VRS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

		Particulars	As at March 31, 2026	As at March 31, 2025
25	**Current tax liabilities (Net):**			
	a)	Provision for tax (net of advance tax outside India)	30.34	18.58
			30.34	**18.58**
26	**Revenue from operations:**			
	i)	Sale of products		
		Motors, alternators and generators	25,017.23	27,076.14
		Transformers	28,467.93	22,469.20
		DG sets	798.64	457.53
		Others	3,682.06	3,650.53
		Total	**57,965.86**	**53,653.40**
	ii)	Sale of services	967.78	728.99
		Total revenue	**58,933.64**	**54,382.39**
		Provision for Probable Sales returns		
		Total revenue	**58,933.64**	**54,382.39**
27	**Other income:**			
	i)	Interest income on Bank Deposits and Others	102.67	111.20
	ii)	Interest and guarantee commission income from financial assets	131.69	118.77
	iii)	Dividend income from long term investments	1.10	0.63
	iv)	Profit on sale of fixed assets (net)	772.89	-
	v)	Provision no longer required and Unclaimed credit balance written back	22.32	486.16
	vi)	Miscellaneous income	75.18	57.75
			1,105.85	**774.51**
28	**Cost of materials consumed:**			
a)	Consumption of raw materials, components, stores and spare parts		41,642.71	37,861.19
			41,642.71	**37,861.19**
b)	Consumption of major raw materials			
	Additional Information:			
	i)	Copper (Wires, strips, rods, sheets, etc)	15,395.65	14,736.99
	ii)	Iron and steel (pigiron, rounds, plates, sheets , etc.,)	7,168.89	7,232.74
	iii)	Stores and spares	56.07	56.00
	iv)	Others	19,022.10	15,835.46
29	**Changes in inventories of finished goods, work in progress and stock in trade:**			
	Stocks at the end of the year:			
	i)	Work in progress		
		Motors, alternators and generators	2,047.42	1,727.21
		Transformers	552.78	655.66
		DG Sets	4.08	240.80
		Others	93.25	40.77
		Total	**2,697.53**	**2,664.44**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
ii)	Finished goods		
	Motors, alternators and generators	982.56	361.97
	Transformers	207.30	471.72
	DG sets	278.67	-
	Others	0.37	-
	Total	**1,468.90**	**833.69**
iii)	Scrap	13.82	4.88
	A	**4,180.25**	**3,503.01**
Less:	Stocks at the beginning of the year:		
i)	Work in progress		
	Motors, alternators and generators	1,727.21	2,394.04
	Transformers	655.66	791.10
	DG sets	240.80	201.86
	Others	40.77	33.89
	Total	**2,664.44**	**3,420.89**
ii)	Finished goods		
	Motors, alternators and generators	361.97	259.28
	Transformers	471.72	20.92
	DG sets	-	-
	Others	-	4.94
	Total	**833.69**	**285.14**
iii)	Scrap	4.88	16.79
	B	**3,503.01**	**3,722.82**
	Total (B-A)	**(677.24)**	**219.81**
30	**Employee benefit expenses:**		
i)	Salaries , wages and bonus	6,227.56	6,243.33
ii)	Contribution to provident and other funds	932.93	628.66
iii)	Staff welfare expenses	650.56	674.28
		7,811.05	**7,546.27**
31	**Finance costs:**		
i)	Interest expenses	2,039.13	1,967.58
ii)	Other borrowing costs	508.39	464.86
		2,547.52	**2,432.44**
32	**Depreciation and amortization expenses**		
i)	Depreciation of tangible assets	418.77	471.28
ii)	Amortization of intangible assets	15.44	17.88
		434.21	**489.16**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars		As at March 31, 2026		As at March 31, 2025
33	**Other expenses:**				
i)	Power and fuel		769.45		728.42
ii)	Rent		41.71		178.65
iii)	Repairs to buildings		42.00		23.82
iv)	Repairs to machinery		134.46		136.92
v)	Repairs to others		471.37		482.17
vi)	Vehicle maintenance		32.04		33.97
vii)	Insurance		33.53		21.92
viii)	Rates and taxes		252.43		424.34
ix)	Payment to auditors				
	- as auditor (includes branch audit fees of ₹0.83, previous year ₹0.96)	20.83		28.85	
	- for taxation matters (includes ₹0.00, previous year ₹0.12 to branch auditor)	5.00		5.00	
	- for limited review	30.00		30.00	
			55.83		55.85
x)	Selling expenses		810.41		790.17
xi)	Commission		70.68		84.69
xii)	Warranty claims		201.33		89.78
xiii)	Allowance for credit loss		45.93		2,322.35
xiv)	Allowance for doubtful loans and advances	-	-	440.70	440.70
xv)	Net (gain)/loss on foreign currency transaction and translation		156.47		2.58
xvi)	Bad trade receivables written off	-		465.29	
	Less: Allowance for doubtful trade receivable withdrawn	-		465.29	
			-		-
xvii)	Irrecoverable loans and advances written off	369.66		-	
	Less: Allowance for doubtful loans and advances withdrawn	-	369.66	-	-
xviii)	Loss on sale of fixed asset (net)		-		0.32
xix)	CSR expenses and donations		38.01		
xx)	Legal and professional charges		891.50		701.23
xxi)	Travelling and conveyance		396.68		399.66
xxii)	Printing and stationary		18.06		19.76
xxiii)	Postage, telegrams and telephones		44.75		43.50
xxiv)	Directors sitting fees		44.50		40.50
xxv)	Provision for contingencies	294.53		18.73	
	Less: Provision for contingencies withdrawan	-		1,310.23	
			294.53		(1,291.50)
xxvi)	Security charges		312.57		355.31
xxvii)	Contract labour charges		969.66		970.98
xxviii)	Miscellaneous expenses		106.53		94.70
			6,604.09		**7,204.79**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Particulars	As at March 31, 2026	As at March 31, 2025
34	**Details of items of exceptional items:**		
	i) Write back of Inter corporate deposit and interest	-	994.97
	ii) Employee benefits	(808.52)	-
		(808.52)	994.97
35	**Earnings per share:**		
	(Basic and diluted)		
	Profit for the year after tax expense	838.29	373.04
	Weighted average number of equity shares	66,414,071	66,414,071
	Paid up value per share	10.00	10.00
	Earning per share (Basic)	**1.26**	**0.56**
	Earning per share (Diluted)	**1.26**	**0.56**

36 Other notes to accounts:

1 Contingent liabilities and commitments:
(to the extent not provided for)

a) Contingent liabilities:

₹ In Lakhs

	Particulars	As at March 31,2026	As at March 31,2025
i)	Claims against the Company not acknowledged as debts	279.00	308.36
ii)	Guarantees	1,225.91	1,144.76
iii)	Sales tax demanded under appeal. The Company has paid an aggregate amount of ₹118.03 lakhs as at March 31, 2024 against the demand which has been included in disputed statutory dues.	471.16	507.91
iv)	GST Demand under appeal. The Company has paid an aggregate amount of ₹8.38 lakhs as at March 31, 2025 against the demand which has been included in disputed statutory dues.	63.24	78.85
v)	The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the Honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2024 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.	527.07	527.07
vi)	GST Demand for the transitional input tax credit, the Company is in process of filing for rectification or to be contest in Tribunal/ High Court.	1,417.12	1,417.12
vii)	Disputed Income tax demand	-	-
viii)	Certain industrial disputes are pending before various judicial authorities – not acknowledged by the Company. Liability has been considered against those cases for which is ascertainable, some cases are pending for it is not possible to ascertain liability.	unascertained	unascertained
ix)	The Company had furnished a guarantee for the redemption of preference shares issued by Kirloskar Investment and Finance Ltd to an extent of ₹ 200 lakhs as at March 31, 2024 (as at March 31, 2023 ₹200 lakhs) and had obtained counter guarantee from the said Company. The preference shareholder has claimed a sum of ₹ 200 lakhs along with dividends in arrears of ₹205.60 lakhs and interest from the Company. This claim has been upheld by the Debt Recovery Tribunal (DRT). The Company has preferred an appeal before the Debt Recovery Appellate	405.60	405.60

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

	Particulars	As at March 31,2026	As at March 31,2025
	Tribunal (DRAT) to set aside the orders passed by the DRT. The Company has deposited during the earlier year ₹ 102.80 lakhs with DRAT as directed by the Supreme Court of India and the matter stands re-posted for hearing. The Company does not acknowledge this liability.		
x)	Right to recompense to the lending banks subject to profitability and cash flows of the Company, approximate net present value of recompense as per Master Restructuring Agreement (MRA).	514.00	514.00

In respect of items above, future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums / settlement of matter. The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable. However as a matter of abundant caution the Company has recognized a provision for contingencies, to take care of any liabilities that may devolve, and included in Note 36(11).

b) Commitments

Particulars	As at March 31,2026	As at March 31,2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	241.01	128.56

2 Additional Information:

a) Value of Imports calculated on CIF basis:

Raw materials, components and spare parts	26.10	32.02

b) Expenditure in foreign currency: (net of withholding tax)

i) Travel	47.43	72.89
ii) Other expenses	109.27	130.50

c)

Sl No.	Particulars	Amount	% to total	Amount	% to total
i)	Value of imported raw materials, spare parts and components consumed	24.27	0.06%	31.12	0.08%
ii)	Value of indigenous raw materials, spare parts and components consumed	41,618.45	99.94%	37,830.07	99.92%
	Total	**41,642.72**	**100.00%**	**37,861.19**	**100.00%**

d) Details of non-resident shareholdings

i) Number of non resident share holders	887	873
ii) Number of shares held by non resident shareholders	3,432,408	743,772

e) Earnings in foreign exchange:

(i) Export of goods calculated on FOB basis (net)	2,500.06	2723.45
(ii) Remittances from overseas offices (net)	2,131.34	2,056.78

3 Confirmation of balances from customers, suppliers and service providers with whom the Company had transactions are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Adjustments will be made on completion of review/reconciliation. In the assessment of the management, effect on revenue if any, is not expected to be material.

4 Certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical inventory taken from time to time. No material discrepancies were noticed.

5 Current assets, loans and advances include ₹ 136.54 Lakhs (as at March 31, 2025 ₹ 108.49 Lakhs) being rescheduled advances from certain companies in which certain key managerial personnel are interested. The Company is confident that these companies will fulfill their obligations and has considered these amounts as good of recovery.

6 During a previous year, the shareholders of the Company at the Annual General Meeting held on September 30, 2013 have approved an Employee Stock Option Scheme. However, the Company has not issued any options as at March 31, 2026 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

7 **DISCLOSURES AS PER IND AS 19 "EMPLOYEE BENEFITS":**

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

₹ in Lakhs

Particulars	March 31, 2026	March 31, 2025
Employer's contribution to provident & pension funds	300.99	305.01
Employer's contribution to superannuation fund	46.40	43.24

(b) Defined Benefit Plan:

The employees' gratuity fund scheme managed by a trust and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

(₹ In Lakhs)

Reconciliation of opening and closing balances of defined benefit obligation:	**As at March 31, 2026**		**As at March 31, 2025**	
	Gratuity (Funded)	**Leave (Funded)**	**Gratuity (Funded)**	**Leave (Funded)**
Defined benefit obligation at beginning of the year	2,755.06	470.39	2,709.03	474.98
Current service cost (*)	1,148.98	113.01	103.48	34.98
Interest cost	179.63	-	181.28	34.34
Additional provision for increase in limit of gratuity/ in excess of limit				
Actuarial (gain)/ loss	(78.84)	-	(45.36)	7.19
Benefits paid from funds	(211.49)	-	(193.37)	-
Benefits paid directly by employer	-	(101.10)	-	(81.10)
Defined Benefit obligation at end of the year	3,793.34	482.30	2,755.06	470.39
Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	61.22	335.41	58.91	311.52
Interest income	4.82	25.50	0.00	22.52
Employer contribution	231.30	-	191.52	-
Benefits paid from funds	(211.49)	-	(193.37)	-
Actuarial gain/(loss)	(0.21)	0.00	4.16	1.37
Fair value of plan assets at year end	**85.64**	**360.91**	**61.22**	**335.41**
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	85.64	360.91	61.22	335.41
Present value of obligation	3,793.34	482.30	2,755.06	470.39
Amount recognized in Balance Sheet under liabilities:	**3,707.70**	**121.39**	**2,693.84**	**134.98**
Reconciliation of opening and closing balances of defined benefit obligation:	**As at March 31, 2026**		**As at March 31, 2025**	
	Gratuity (Funded)	**Leave (Funded)**	**Gratuity (Funded)**	**Leave (Funded)**
Expense recognized during the year: (under "note 30" "Employee benefit expenses" in the Statement of Profit and Loss)	**Current year**		**Previous year**	
In Income Statement:				
Current service cost	1,148.98	113.01	103.48	34.98
Interest cost	179.63	-	181.28	34.34
Actual return on plan assets	(4.82)	(25.50)	-	(22.52)
In Other Comprehensive Income:				
Actuarial (gain)/ loss	(78.63)	-	(49.52)	5.82
Net cost	**1,245.16**	**87.51**	**235.24**	**52.62**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Actuarial assumptions:	As at March 31, 2026		As at March 31, 2025	
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Discount rate (per annum)	7.62%	7.62%	7.23%	7.23%
Expected rate of return on plan assets (per annum)	6.78%	6.78%	7.23%	7.23%
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

(*) Leave provision for current year includes provision for short term compensated absence as assessed by the actuary.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods of Gratuity (Funded):					
	2025-26	2024-25	2023-24	2022-23	2021-20
Defined benefit obligation at the end of the period	(3,793.34)	(2,755.06)	(2,709.03)	(2,609.65)	(2,541.31)
Plan assets at end of the period	85.64	61.22	58.91	48.59	70.93
Funded amount	(3,707.70)	(2,693.84)	(2,650.12)	(2,561.06)	(2,470.38)
Experience gain/ (loss) adjustments on plan liablities	(80.15)	101.27	(31.86)	(11.76)	(26.64)
Experience gain/ (loss) adjustments on plan assets	(0.21)	4.16	3.29	(2.53)	(4.45)
Actuarial gain/ (loss) due to change in assumptions	158.99	(55.91)	(31.06)	44.13	42.17

(c) Sensitivity Analysis:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, has been determined based on possible effect of changes of an assumption occurring at end of the reporting period , while holding all other assumptions constant.

₹ In Lakhs

Particulars	March 31,2026		March 31,2025	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	213.22	(188.33)	134.87	(120.61)
Change in rate of salary increase (delta effect of +/- 0.5%)	(190.05)	211.51	(121.45)	133.25
Change in rate of plan assets (delta effect of +/- 0.5%)	5.45	(4.80)	2.35	(2.18)

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

8 SEGMENT REPORTING:

The Company has identified the reportable segments as Power generation and distribution, Rotating machine group and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ In Lakhs

Sl No.	Particulars	Primary Segment			
		Power generation and distribution	Rotating machines group	Others	Total
1	Segment Revenues				
	External Revenues	**29,717.13**	**25,017.86**	**4,198.65**	**58,933.64**
		23,066.18	27,079.96	4,236.25	54,382.39
	Intersegment revenues	**792.18**	**1,794.20**	**38.08**	**2,624.46**
		1,742.17	852.22	13.36	2,607.75
	Total Revenues	**30,509.31**	**26,812.06**	**4,236.73**	**61,558.10**
		24,808.35	27,932.18	4,249.61	56,990.14
2	Segment Results:				
	Profit/ (loss) before depreciation, interest and taxation	**4,838.91**	**1,328.00**	**1,615.24**	**7,782.15**
		2,522.67	2,357.80	1,553.20	6,433.67
	Less: Interest				**2,547.52**
					2,432.44
	Less: Depreciation and amortizations				**434.21**
					489.16
3	Unallocable Expenditure				**4,229.12**
					3,888.33
4	Unallocable and Other Income (including Extraordinary items)				**297.33**
					774.51
5	Less: Tax expense				**30.34**
					25.22
	Total Profit				**838.29**
					373.03
6	Segment Assets	**12,005.16**	**37,744.41**	**8,473.30**	**58,222.87**
		8,841.28	38,220.25	8,620.68	55,682.21
7	Unallocable Assets				**5,100.52**
					5,485.00
8	Segment Liabilities	**11,785.15**	**14,950.27**	**701.22**	**27,436.64**
		11,320.57	13,640.68	661.32	25,622.57
9	Unallocable Liabilities				**22,704.29**
					23,018.00
10	Capital Expenditure	**220.01**	**22,794.14**	**7,772.08**	**30,786.23**
		(2,479.29)	24,579.57	7,959.36	30,059.64
11	Unallocated capital expenditure				**(17,603.77)**
					(17,534.00)

Revenue from customers

	March 31, 2026	March 31, 2025
India	56,276.00	51,420.00
Outside India	2,658.00	2,962.00
Total revenue	**58,934.00**	**54,382.00**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Total assets

	March 31, 2026	March 31, 2025
India	61,881.00	60,538.00
Outside India	1,442.00	629.00
Total assets	**63,323.00**	**61,166.00**

Total liabilities

	March 31, 2026	March 31, 2025
India	49,953.00	48,553.00
Outside India	188.00	87.00
Total liabilities	**50,141.00**	**48,639.00**

9 RELATED PARTY TRANSACTIONS:

(a) Name of related parties and description of relationship where controls exists:

Sl. No.	Name of the Related Party	Relationship
1	Mr. Vijay R Kirloskar	Key Management Personnel ("KMP")
	Mr. Sanjeev Kumar S (Upto March 06 2026)	
	Ms. Janaki Kirloskar (w.e.f February 11, 2026)	
	Mr. Dillip Kumar Pani (w.e.f May 26, 2026)	
	Mr. Mahabaleshwar Bhat	
	Mr. Anand Balaramacharya Hunnur	
2	Mrs. Meena Kirloskar	Relative of KMP ("KMPR")
	Ms. Rukmini Kirloskar	
3	Kirloskar (Malaysia) Sdn. Bhd	Associates
4	The Printers (Mysore) Private Limited	Enterprises which are related parties as per section 2(76) of the Companies Act, 2013. ("Others-A")
	Kue Management Services LLP	
	Shaaz Jung Films LLP	
	K N Guruswamy Properties LLP	
	Ganga Micro Electronics LLP	
	K N Guruswamy and Company Private Limited	
	Anuradha Shanth Kumar Holdings Private Limited	
	Wan - IFRA South Asia Private Limited	
	E.P. Labs Private Limited	
	Bison Wilderness Resorts Private Limited	
	Africa Expeditions and Safari Private Limited	
5	Kirloskar Batteries Private Limited	Enterprises over which key management personnel and/ or their relatives are able to exercise significant influence ("Others-B")
	Kirloskar Power Equipments Limited	
	Ravindu Motors Private Limited	
	Vijay Farms Private Limited	
	Kirsons Trading PTE LTD.	
	Sri Vijaydurga Investments and Agencies Private Limited	
	Vijayjyothi Investment and Agencies Private Limited	
	Abhiman Trading Company Private Limited	
	Vimraj enterprises LLP (formerly known as Vimraj enterprises private limited)	
	Vijay Kirthi Investment and Agencies Private Limited	
	Ravindu Automobiles Private Limited	
	Electromedics India Private Limited	
	Applied Engineering Innovations Private Limited	
	Applied Engineering Services (India) LLP	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Transactions with the related parties

₹ in Lakhs

Particulars	Relationship	March 31, 2026	March 31, 2025
Purchase of goods and services:			
Vijay Farms Private Limited	Others-B	49.04	50.39
Sri Vijayadurga Investments and Agencies Private Limited		221.31	229.03
Ravindu Motors Private Limited		2.34	2.74
Abhiman Trading Company Private Limited		73.48	91.50
Kirsons Trading PTE LTD.		17.83	29.82
Sale of goods and services:			
Kirloskar (Malaysia) Sdn. Bhd	Associates	25.09	197.37
Kirsons Trading PTE LTD.	Others-B	108.83	220.73
Ravindu Motors Private Limited			16.08
Rent paid			
Vijayjyothi Investments and Agencies Private Limited	Others-B	-	120.00
Remuneration paid:			
Vijay R Kirloskar*			
Short term employee benefits		568.69	532.40
Sanjeev Kumar S*			
Short term employee benefits		73.74	64.49
Mahabaleshwar Bhat*	KMP		
Short term employee benefits		38.81	35.84
Anand Hunnur*			
Short term employee benefits		215.92	197.91
Janaki Kirloskar			
Short term employee benefits		33.40	-
Meena Kirloskar			
Sitting Fee	KMPR	8.00	6.50
Rukmini Kirloskar			
Sitting Fee	KMPR	4.00	2.50

* Post employment benefit Amount not ascertained since accrued gratuity and compensated absence liability has been recognized for the Company as a whole.

Key managerial personnel are provided free use of company car and communication facilities. These are in addition to remuneration furnished above.

(c) Outstanding balances at the end of the year:

₹ in Lakhs

Particulars	Relationship	As at March 31, 2026	As at March 31, 2025
Amount due to Company:			
Kirloskar Power Equipments Limited		0.35	0.35
Vijay Farms Private Limited		111.73	108.14
Vijayjyothi Investments and Agencies Private Limited (Rental Deposit)	Others A & B	100.00	100.00
Vijayjyothi Investments and Agencies Private Limited		24.45	-
Amount due from Company:			
Kirloskar (Malaysia) Sdn. Bhd	Associate	-	1.05
Kirloskar Batteries Private Limited		15.00	15.00
Kirsons Trading PTE LTD.		87.42	3.91
Ravindu Motors Private Limited		1.30	1.29
Sri Vijayadurga Investments and Agencies Private Limited		45.28	37.77
Kirloskar Power Equipment Limited	Others-B		
Vijayjyothi Investments and Agencies Private Limited		-	20.57
Abhiman Trading Company Private Limited		21.01	21.07

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	Relationship	As at March 31, 2026	As at March 31, 2025
Investment held			
Kirloskar Power Equipment Limited	Others-B	35.77	39.45
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	2,464.42	3,605.29

KEC North America Inc has been dissolved. The investments in and dues from the said company have not been written off, pending receipt of approvals from Reserve Bank of India. However, full provision has been made for the same. Since the said company has been dissolved, the same has not been considered for related party disclosures.

10 OPERATING LEASE (Ind AS 17):

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancellable at its option. Rental expenses for operating leases included in the financial statements for the year are ₹ 92.30 Lakhs (Previous Year ₹ 200.60 Lakhs).

11 The Company has made provisions towards wage arrears, warranty claims from the customers towards sales, short term compensated absences and contingencies. Details of the same are as under:

₹ in Lakhs

Sl. No.	Particluars		Provision for Contingencies	Wage Arrears	Short Term Compensated Absences	Warranty Claims
1	Balance outstanding as at:	01-Apr-25	106.81	1,086.16	134.98	421.76
		01-Apr-24	1,398.31	1,079.95	163.46	444.46
2	Provision for the year (net)	31-Mar-26	294.52	45.46	(100.88)	(6.53)
		31-Mar-25	(1,291.50)	6.21	28.48	(22.70)
3	Balance outstanding as at:	31-Mar-26	401.33	1,131.62	235.86	415.23
		31-Mar-25	106.81	1,086.16	134.98	421.76

Foot Note:

Provision in respect of wage settlement has been made on estimated basis and differences if any will be accounted on final settlement. Further as a matter of abundant caution an estimated provision has been made for contingencies as held in respect of ongoing litigations as detailed in note 23 and certain probable liability including in respect of customers.

12 Financial risk management objectives and policies:

The entity's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations to support its operations. The entity's principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from its operations.

The entity is exposed to market risk/credit and liquidity risks. The entity's senior management oversee the management of these risks. The board reviews their activities. No significant derivative activities have been undertaken so far.

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 risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at March 31, 2026 and March 31, 2025

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumption has been made in calculating sensitivity analysis.

The sensitivity of the relevant profit or 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 March 31, 2026 and March 31, 2025 including the effect of hedge accounting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

i) 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 some of the vendor payments and customer receivables.

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on March 31, 2024 are as under:

Particulars	As at March 31, 2026		As at March 31, 2025	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 385,714	542.02	505,385	549
	EUR 166,734		166,734	
Liabilities (Payables)	USD 400,768	2,223.82	330,901	1,783
	EUR 55,595		56,793	
	SGD 2,268,402		2,268,402	
	AED 528,189		11,002	

Foreign currency sensitivity:

Every 1% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities for the years ended March 31, 2026 and March 31, 2025 would decrease the Company’s loss and increase the Company’s equity by approximately ₹ 16.82 Lakhs and ₹ 11.97 Lakhs respectively. A 1% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In management’s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

13 Fair Value Measurement (Ind AS 113):

The Financial Instruments of the Company are initially recorded at fair value and subsequently measured at amortized cost based on the nature and timing of the cash flows.

The below table summarises particulars of Financial Instruments used:

Particulars	Note	March 31, 2026	March 31, 2025
Financial Assets at amortized cost:			
Investments	7	197	203
Trade receivables	8 & 12	8,635	6,059
Other financial assets	9	24	58
Cash & cash equivalents	13 (a)	1,917	1,683
Other bank balances	13 (b)	1,275	1,232
Total financial assets		**12,048**	**9,235**
Financial liabilities at amortized cost:			
Borrowings	20	10,033	11,611
Other financial liabilities	17	641	630
Trade payables	21 (1) & (2)	18,416	17,824
Total financial liabilities		**29,090**	**30,065**

The Company has not classified any Financial Asset or Liabilities as measured at Fair value through Profit and Loss (FVTPL) or measured at Fair Value through Other Comprehensive Income (FVTOCI).

Fair value of shares held by the Company in ICICI Bank Limited as at the reporting dates have been computed based on its value traded in an active market and constitutes Level 1 in the fair value hierarchy as set out in Ind AS 113. Shares held by the Company in other entities which are unlisted and not traded in an active market have been valued based on their net asset value per share as per their latest available audited financial statements with the company. The increase / (decrease) is recognized in other comprehensive income as at March 31,2026 and March 31,2025 on this count is estimated at ₹ 6.63 Lakhs and ₹ 13.23 Lakhs respectively.

The Fair Value of the above financial assets and liabilities are measured at amortized cost which is considered to be approximate to their fair values.

14 As reported in earlier years Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a subsidiary of the Company, incurred substantial losses, thereby eroding its net worth and consequent to the actions of local directors of LDW, insolvency administrator was appointed by the court in Germany during the preceding year. The Company has been given to understand

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

that a South Korean company acquired all significant assets, patents, estates, orders and employees of LDW. During the year ended March 31,2025, Company entered into Settlement Agreement with Insolvency Administrator of Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW) for the settlement of all outstanding issues. EUR 125,000 was the settlement amount which KEC has agreed to pay through this settlement agreement and accordingly Company had disbursed the entire agreed amount and obtained No Due Confirmation from Insolvency Administrator.

15 The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statement as at March 31, 2026 consisting of the Company, its subsidiaries and its associate is eroded. The company has repaid all term loans which were restructured under JLF mechanism. Also the company is in advance stage of negotiation for monetization/disposal of assets which will improve the working capital and in turn improve the performance in the forthcoming periods. The company is confident that this funding will have a positive impact on the performance and net worth. Accordingly your directors have prepared these financial statement of the company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

16 The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2026 against the demand which has been included in disputed statutory liabilities / taxes paid as reported in Note - 10 to Financial Statements.

17 Company has discontinued the component machining activity at unit – 15 situated at Bhudihal, Bangalore Rural District with effect from January 22, 2024. Discontinuation has no impact on the operations of the Company. All workers have been relieved from duty and all their compensation dues have been paid.

18 Ratios:

Sl No	Ratios	March 31,2026	March 31,2025	Variance
1	**Current ratio**	**0.43**	**0.35**	**22.86**
	Current Assets	17,822	14,123	
	Current Liabilities	41,072	40,369	
2	**Debt-Equity ratio**	**0.76**	**0.93**	**(18.28)**
	Debt (Current and non current portion of long term borrowings + Short term borrowings)	10,033	11,611	
	Equity	13,182	12,527	
3	**Debt service coverage ratio - (a)**	**1.51**	**1.36**	**11.03**
	Earnings before interest, Depreciation and Tax (EBITDA)	3,850	3,320	
	Interest Expense on long term and short term borrowings for the period	2,548	2,432	
4	**Return on equity ratio - (b)**	**1.26**	**0.56**	**125.00**
	Net profits after taxes	838	373	
	Average Shareholder's equity	664	664	
5	**Inventory turnover ratio**	**8.27**	**8.13**	**1.72**
	Cost of goods sold	40,965	38,081	
	Average inventory	4,955	4,681	
6	**Trade receivables turnover ratio**	**8.02**	**7.25**	**10.62**
	Revenue from operations	58,934	54,382	
	Average accounts receivables	7,347	7,500	
7	**Trade payables turnover ratio**	**2.26**	**2.09**	**8.13**
	Cost of goods sold	40,965	38,081	
	Average accounts payables	18,120	18,250	
8	**Net capital turnover ratio - (c)**	**(2.53)**	**(2.07)**	**22.22**
	Net sales = Total sales - sales return	58,934	54,382	
	Working capital = current assets – current liabilities	(23,250)	(26,246)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sl No	Ratios	March 31,2026	March 31,2025	Variance
9	**Net profit ratio - (d)**	**0.01**	**0.01**	**-**
	Net Profit	838	373	
	Net sales = Total sales - sales return	58,934	54,382	
10	**Return on capital employed - (e)**	**0.12**	**0.10**	**20.00**
	Earnings before interest and taxes	3,416	2,831	
	Capital employed = tangible net worth + total debt + deferred tax	28,045	29,063	

a) **Return on equity and Net Profit ratio** increased due to increase in turnover and profit during the year.

b) **Net Profit ratio decreased** due to the provision for allowance on credit losses reduces net profit by increasing expenses .

c) **Return on capital employed** is increased due to increase in EBIT.

19 Previous year's figures have been regrouped wherever required in conformity with current year presentation.

20 Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary or associates:

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)
Parent				
Kirloskar Electric Company Limited	(1.00)	13,230.17	(1.01)	875.48
Subsidiaries				
Indian				
1 Kelbuzz Trading Private Limited*	0.00		0.00	-
2 SLPKG Estates Holdings Private Limited*	0.00		0.00	-
3 Luxquisite Parkland Private Limited*	0.00		0.00	-
4 SKG Terra Promenade Private Limited*	0.00		0.00	-
Foreign				
Kirsons B.V.	(0.36)	(47.71)	0.01	(6.85)
Minority Interest in all subsidiaries		-		-
Associates (Investments as per the equity method)				
Kirloskar (Malaysia) Sdn. Bhd.	0.00%	-	0.00%	-

* Merged in Kirloskar Electric Company Limited w.e.f. 01st April 2024 as per Scheme of Merger.

21 Other Statutory Information:

(I) There are no proceedings initiated or are pending against the Company for holding any benami property under the prohibition of Benami Property Transaction Act, 1988 and rules made thereunder.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(viii) Previous year's figures have been regrouped/ rearranged wherever necessary to conform to the current year grouping.

(ix) The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled and no instance of audit trail feature being tampered with was noted in respect of accounting software(s) where the audit trail has been enabled. Further, the audit trail been preserved by the company as per the statutory requirements for record retention.

To be read with our report of even date
For K N Prabhashankar & Co.
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No:222945

Place: Bengaluru
Date: May 26, 2026

For and on behalf of the Board of Directors of
Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN:00031253

Anand B Hunnur
Managing Director
DIN:06650798

Dillip Kumar Pani
Chief Financial Officer
Membership No:222629

Mahabaleshwar Bhat
Company Secretary
Membership No:A21919

Financial statements of the year 2025-26

1. BALANCE SHEET AS PER MARCH 31, 2026

(after appropriation of the result)

Particulars	Sl no.	March 31, 2026		March 31, 2025	
		€		€	
ASSETS					
Fixed assets					
Intangible fixed assets	**1**	0.00		0.00	
Intellectual property					
Current assets					
Receivables	**3**				
Loans and advancements to subsidiaries		0.00		0.00	
Tax receivables		62.49		62.49	
Prepaid expenses		1,103.16		1,103.16	
			1,165.65		**1,165.65**
TOTAL			**1,165.65**		**1,165.65**
EQUITY AND LIABILITIES					
Shareholders' equity	**4**				
Issued and paid up share capital		260,200.00		260,200.00	
Share premium		30,935,543.55		30,935,543.55	
Other reserves		-31,239,906.10		-31,239,906.10	
			-44,162.55		**-44,162.55**
Current liabilities	**5**				
Accounts payable		40,928.20		40,928.20	
Accruals		4,400.00		4,400.00	
			45,328.20		**45,328.20**
TOTAL			**1,165.65**		**1,165.65**

2. PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2025 TILL MARCH 31,2026

Particulars	Sl no.	March 31, 2026	March 31, 2025
		€	€
Other income			
Write-backs of liabilities	6	0.00	**82,944.79**
		0.00	**82,944.79**
Costs			
Operating costs	7	0.00	4,63,033.46
		0.00	**4,63,033.46**
Operating result		**0.00**	**-3,80,088.67**
Financial result	8	0.00	0.00
Result ordinary activities before taxation		**0.00**	**-3,80,088.67**
Taxation		-	-
Net result for the year		**0.00**	**-3,80,088.67**

For Kirsons BV

Vijay R Kirloskar
Director

3. PRINCIPLES FOR VALUATION AND DETERMINATION OF THE RESULT

GENERAL INFORMATION

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

The valuation of assets and liabilities and the determination of the result occurs under the historical costs convention. Unless presented otherwise assets and liabiliities are stated at face value. Income and expenses are accounted for on accrual basis. Profit is only included if and when realized on balance sheet date. Losses originating before the end of the financial year are taken into account if and when these are known before finalizing the financial statements.

Place of business

Kirsons B.V. (registered at the Chamber of Commerce under number 34308680) is actually established at Evert van de Beekstraat 104 in Schiphol (Netherlands).

Groupcompanies

The company forms part of a group, of which Kirsons B.V. in Amsterdam is at the head. The group consists futhermore of Lloyd Dynamowerke GmbH & Co. KG in Bremen (Germany) and Lloyd Beteiligungs-GmbH in Bremen (Germany).

Consolidation

Based upon the exemption stated in article 408, Book 2 of the Dutch Civil Code the company does not prepare consolidated financial statements. The company's financial statements as well as those of its subsidiaries are included in the consolidated financial statements of Kirloskar Electric Company Limited in Bangalore, India.

3.1 PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

The intangible fixed assets are valued at cost price and diminished with straight line depreciation and downward value adjustments.

Financial fixed assets

The participations in the subsidiaries are valued at cost price according to Dutch reporting guideline RJ 214.325 since the exemption of article 408, Book 2 of the Dutch Civil Code is applied. If necessary a provision for reduction in value is taken into account.

Receivables

Upon initial recognition the receivables are accounted for at face value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

Cash

Cash in hand and at the bank are accounted for at face value.

Current liabilities

Current liabilities are stated at face value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Costs

Operating costs are taken into account in the period to which they relate, if necessary by means of accruals.

Depreciation costs

Intangible fixed assets including goodwill and tangible fixed assets are being depreciated from the moment of putting into operation based upon the expected economical useful life of each net asset. Downward value adjustments are here taken into account.

Financial result

The interest income and interest expenses relate to in this financial year received and paid interest of issued and received loans.

Taxation

Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

4. NOTES TO THE BALANCE SHEET AS PER MARCH 31, 2026

ASSETS

FIXED ASSETS

1. Intangible fixed assets

	Intellectual property
	€
Bookvalue as per April 1, 2025	**0.00**
Depreciation	0.00
Downward value adjustments	0.00
Bookvalue as per March 31, 2026	**0.00**
Acquisition price	1,270,000.00
Accumulated depreciation	-1,270,000.00
Bookvalue as per March 31, 2026	**-**
Rate of depreciation	%
Intellectual property	10

2. Financial fixed assets

	31.03.2026	31.03.2025
	€	€
Subsidiaries		
Lloyd Dynamowerke GmbH & Co. KG te Bremen (Germany) (94,89%)	-	-
Lloyd Beteiligung GmbH te Bremen (Germany) (100,00%)	-	-

	01-04-2025 till 31-03-2026	01-04-2024 till 31-03-2025
	€	€
Lloyd Dynamowerke GmbH & Co. KG		
Account balance as per April 1	30,081,211.75	30,081,211.75
Movements	-	-
	30,081,211.75	**30,081,211.75**
Provision in connection with insolvency	-30,081,211.75	-30,081,211.75
Account balance as per March 31	**0.00**	**0.00**
Lloyd Beteiligung GmbH		
Account balance as per April 1	33,937.02	33,937.02
Movements	-	-
	33,937.02	**33,937.02**
Provision in connection with insolvency	-33,937.02	-33,937.02
Account balance as per March 31	**0.00**	**0.00**

In view of regular insolvency proceedings ongoing at Lloyd Dynamowerke GmbH & Co. KG in Bremen (Germany) and by way of precaution the investment is fully provided for. The managing board has initiated several legal steps for the recovery of the investment. Because Lloyd Beteiligung GmbH in Bremen (Germany) is a partner of Lloyd Dynamowerke GmbH & Co. KG and also by way op precaution the investment is fully provided for.

CURRENT ASSETS

3. Receivables

	March 31, 2026	March 31, 2025
	€	€
Loans and advancements to subsidiaries	0.00	0.00
Lloyd Dynamowerke GmbH & Co. KG, shareholders	0.00	0.00
	0.00	**0.00**

Because of the insolvency proceedings ongoing at Lloyd Dynamowerke GmbH & Co. KG the company cannot claim repayments on the shareholders' loan and the accounts receivable as agreed upon in previous years. Provisions are made in connection with this insolvency.

Lloyd Dynamowerke GmbH &Co. KG, shareholders' loan

	01-04-2025 till 31-03-2026	01-04-2024 till 31-03-2025
	€	€
Account balance as per April 1	625,673.41	625,673.41
Movements	-	-
	625,673.41	**625,673.41**
Provision in connection with insolvency	-625,673.41	-625,673.41
Account balance as per March 31	**0.00**	**0.00**
Lloyd Dynamowerke GmbH & Co. KG, accounts receivable		
Account balance as per April 1	1,732,158.00	1,732,158.00
Movements	-	-
	1,732,158.00	**1,732,158.00**
Provision in connection with insolvency	-1,732,158.00	-1,732,158.00
Account balance as per March 31	**0.00**	**0.00**

	March 31, 2025	March 31, 2024
	€	€
Tax receivables		
Value Added Tax	62.49	62.49
Prepaid expenses		
Deposit rent	254.00	254.00
Miscellaneous	849.16	849.16
	1,103.16	**1,103.16**

EQUITY AND LIABILITIES

4. Shareholders' equity

	March 31, 2026	March 31, 2025
	€	€
Issued and paid up share capital		
2.602 ordinary shares each of a nominal value of € 100	**260,200.00**	**260,200.00**

The authorised capital of the company amounts to € 390.000 consisting of 3.900 ordinary shares each of a nominal value of € 100.

	01-04-2025 till 31-03-2026	01-04-2024 till 31-03-2025
	€	€
Share premium		
Account balance as per April 1	30,935,543.55	30,935,543.55
Movements	-	-
Account balance as per March 31	**30,935,543.55**	**30,935,543.55**
Other reserves		
Account balance as per April 1	-31,239,906.10	-30,859,817.43
Net result	0.00	-380,088.67
Account balance as per March 31	**-31,239,906.10**	**-31,239,906.10**

5. **Current liabilities**

	March 31, 2026	March 31, 2025
	€	€
Accounts payable		
Accounts payable to creditors	928.20	928.20
Accounts payable Kirloskar Electric Company Limited	40,000.00	40,000.00
	40,928.20	**40,928.20**
Accruals and deferred liabilities		
Accruals		
Audit fee	4,000.00	4,000.00
Legal expenses, consultancy charges and tax matters	400.00	400.00
	4,400.00	**4,400.00**

OFF BALANCE COMMITMENTS

Subsequent events after balance sheet date

There have not been any subsequent events after balance sheet date with major financial consequences.

Financial commitments for more than one year

There are no claims, obligations and settlements which are not accounted for in the balance sheet.

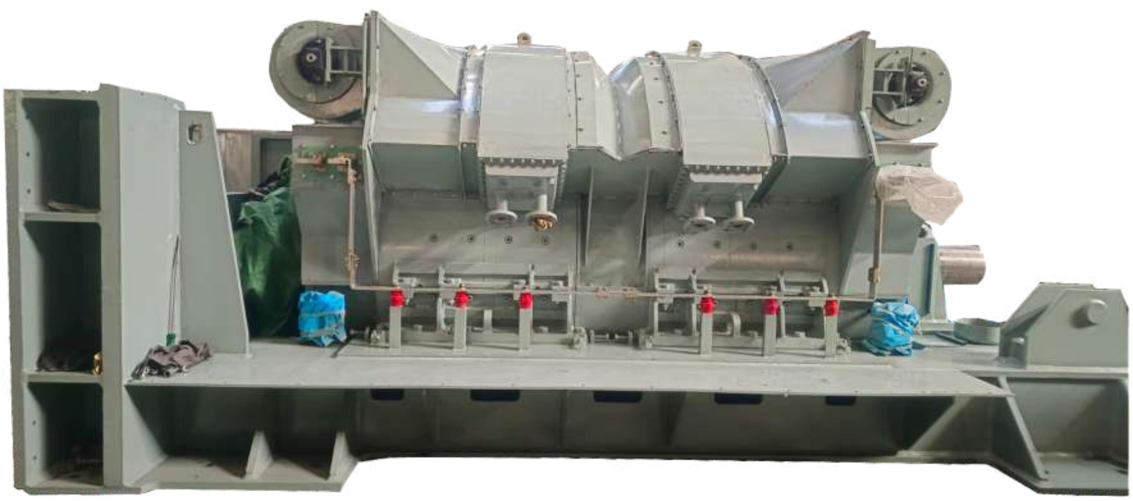
5. **NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2025 TILL MARCH 31, 2026**

Number of employees

During the year 2024-2025 the company did not engage any employees.

	March 31, 2026	March 31, 2025
	€	€
6. **Write-backs of liabilities**		
Unclimed balance written off	0.00	82,944.79
Loan Kirsons Trading Pte Ltd. (Singapore) has been written back		
	0.00	**82,944.79**
7. **General expenses**		
Tax advise, VAT and corporate tax	0.00	-8,532.82
Provision in connection with insolvency	0.00	4,71,566.28
Roundingoff	-	-
	0.00	**4,63,033.46**
8. **Financial result**		
Bank charges	-	-
	-	**-**

Notes



2x750kW, 300V, 200/300 RPM KWDC3106, Twin armature Rolling mill high inertia load application.

If undelivered, Please return to :
KIRLOSKAR ELECTRIC COMPANY LIMITED
No. 19, 2nd Main Road, Peenya 1st stage
Phase - I, Peenya, Bengaluru - 560 058