



KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

Registered & Work Office: Plot No.: F-46,47,48,49, EPIP, RIICO Industrial Area, Neemrana – 301705 (RJ)

CIN No.: L29309RJ2017PLC058905

Contact No. 9116629184

Date: September 02, 2026

To,
BSE Ltd
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai- 400001, Maharashtra, India

To,
National Stock Exchange of India Limited
Exchange Plaza, C-I Block G, Bandra Kurla
Complex, Bandra (East), Mumbai-400051,
Maharashtra, India

Script Code: 544263

Script Symbol: KRN

ISIN: INEQ3JO1015

Subject: Business Responsibility and Sustainability Report

Dear Sir/Madam,

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Company's Business Responsibility and Sustainability Report for the Financial Year 2025-26, which also forms part of the Annual Report 2025-26 of the Company in the format as specified by the Securities and Exchange Board of India.

The aforesaid document shall also be available on the website of the Company at www.krnheatexchanger.com.

Thanking You,

For KRN Heat Exchanger and Refrigeration Limited

Jitendra Kumar Sharma
Digitally signed by Jitendra Kumar Sharma
Date: 2026.09.02 21:15:06 +05'30'
Jitendra Kumar Sharma
Company Secretary



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info@krnheatexchanger.com



www.krnheatexchanger.com

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

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

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Electrical equipment, General Purpose and Special purpose Machinery & equipment, Transport equipment	100%

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

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

III. Operations

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

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

*6 service centers

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

19. Markets served by the entity:

a. Number of locations

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

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

c. A brief on types of customers

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

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1	Permanent (D)	170	165	97.06%	5	2.94%
2	Other than Permanent (E)	0	-	-	-	-
3	Total employees (D + E)	170	165	97.06%	5	2.94%
WORKERS						
4	Permanent (F)	404	399	98.76%	5	1.24%
5	Other than Permanent (G)	938	789	84.12%	149	15.88%
6	Total workers (F + G)	1,342	1,188	88.52%	154	11.48%

b. Differently abled Employees and workers:

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

21. Participation/Inclusion/Representation of women

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

22. Turnover rate for permanent employees and workers

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

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

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

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

VI. CSR Details

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

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

VII. Transparency and Disclosures Compliances

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

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

*These are ASBA-related queries pertaining to the IPO

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

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

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

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

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

I. Details of the listed entity

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

Sr. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1. a	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No/NA)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b	Has the policy been approved by the Board? (Yes/No/NA)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c	Web Link of the Policies, if available	Web link: https://krnheatexchanger.com/policies/								
2	Whether the entity has translated the policy into procedures. (Yes / No/ NA)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the enlisted policies extend to your value chain partners? (Yes/ No/NA)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	-	- ISO 9001 - IS 11329 - CE certified - UL 207 - ZED certified	ISO 45001	-	-	ISO 14001	-	-	-

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

Governance, leadership and oversight

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

10 Details of Review of NGRBCs by the Company

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

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

Essential Indicators

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

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

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

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

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

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

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

Yes

If Yes, provide details in brief

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

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

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

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

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

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

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

NA

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

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

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2025-26	FY 2024-25
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	8.75%	5.06%
	b. Number of trading houses where purchases are made from	112	109
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	88.01%	67.15%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	3.71%	3.52%
	b. Number of dealers / distributors to whom sales are made	4	15
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	100%	98.95%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	37.51%	2.30%
	b. Sales (Sales to related parties / Total Sales)	25.80%	2.97%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	100%	100%
	d. Investments	100%	100%

Leadership Indicators

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No)

Yes

If Yes, provide details of the same.

The Group has established processes to identify, manage, and avoid conflicts of interest involving the Board of Directors and Senior Management. A comprehensive Code of Conduct and Business Ethics is in place, outlining clear guidelines and disclosure mechanisms for potential conflicts. Additionally, all Board members and Senior Management are required to submit an annual declaration confirming compliance with these standards.

Policy Weblink: <https://krnheatexchanger.com/wp-content/uploads/2024/05/Code-of-Conduct-for-Directors-and-Senior-Management-Personnel-Policy.pdf>

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe.

(This principle highlights the importance of sustainable and safe production practices. Companies should strive to minimize the environmental impact of their activities and ensure that their products and services are safe for consumers and the environment.)

Essential Indicator

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Sr. No.	Particular	FY 2025-26	FY 2024-25	Details of improvements in environmental and social impacts
1	R&D	Nil	Nil	-
2	Capex	Nil	Nil	-

- 2 a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) Yes
- b. If yes, what percentage of inputs were sourced sustainably? 100%

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

(a)	Plastics (including packaging)	KRN is an OEM supplier with no final product to reclaim; site waste is safely disposed of and sent for third-party recycling.
(b)	E-waste	Not applicable
(c)	Hazardous waste	The company does not generate material hazardous waste
(d)	other waste	Not applicable

4. a Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No) No
- b If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?

N.A.

- c If not, provide steps taken to address the same

KRN is a component manufacturer for OEMs, and any waste generated from the produced parts is managed by the respective OEMs in accordance with their waste management policies.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

(This principle emphasizes the importance of employee well-being. Companies should provide safe and healthy working conditions, fair wages, and opportunities for career development to all employees in their value chains, including suppliers, contractors, and temporary workers.)

Essential Indicators

- 1 a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	165	165	100%	165	100%	N.A.	-	0	-	0	-
Female	5	5	100%	5	100%	0	-	N.A.	-	0	-
Total	170	170	100%	170	100%	-	-	-	-	-	-

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Other than permanent employees											
Male	0	N.A.									
Female	0										
Total	-										

1. b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	399	399	100%	399	100%	N.A.	-	0	-	0	-
Female	5	5	100%	5	100%	0	-	N.A.	-	0	-
Total	404	404	100%	404	100%	-	-	-	-	-	-
Other than permanent employees											
Male	789	789	100%	789	100%	N.A.	-	0	-	0	-
Female	149	149	100%	149	100%	0	-	N.A.	-	0	-
Total	938	938	100%	938	100%	-	-	-	-	-	-

1. c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	FY 2025-26	FY 2024-25
Cost incurred on well- being measures as a % of total revenue of the company	0.07%	0.12%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2025-26			FY 2024-25		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	100%	100%	Y	100%	100%	Y
Others – please specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes.

The premises / offices of KRN Group are largely accessible to differently abled employees and contractors, barring some of

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

the locations, where it is practically not possible. However, the Group is attempting to make improvements to the current system.

If not, whether any steps are being taken by the entity in this regard.

N.A.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016?

Yes.

If so, provide a web-link to the policy.

KRN has an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016, which is available on Company's Intranet and accessible to all employees.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers*	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	NA	NA	NA	NA
Female	NA	NA	NA	NA
Total	-	-	-	-

* None of our other employee or worker have claimed parental leaves during FY2025 & FY2026

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Category	Yes/No	If Yes, then give details of the mechanism in brief
Permanent Workers	Yes	Yes, KRN is dedicated to offering a secure and encouraging workplace to its employees, wherein it has formulated below mentioned policies that allows the employees to report any type of suspected or actual misconduct within the organization: • Whistle Blower Policy/Vigil Mechanism • POSH • Grievance Redressal Policy Further, there is a dedicated Grievance Redress Committee, which is responsible for addressing the concerns and grievances of both internal (employees) as well as external stakeholders (including contractors). Additionally, employees can also raise their grievances to their respective HODs or Head-Human Resources Officer respectively
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2025-26			FY 2024-25		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C.)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/c)
Total Permanent employees						
Male	165	0	-	117	0	-
Female	5	0	-	3	0	-
Total Permanent Workers						
Male	399	0	-	88	0	-
Female	5	0	-	0	0	-

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

8. Details of training given to employees and workers:

Category	FY 2025-26					FY 2024-25				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		Number (B)	% (B / A)	Number (C)	% (C / A)		Number (E)	% (E / D)	Number (F)	% (C / D)
Employees										
Male	165	165	100%	165	100%	117	117	100%	117	100%
Female	5	5	100%	5	100%	3	3	100%	3	100%
Total	170	170	100%	170	100%	120	120	100%	120	100%
Workers										
Male	1,188	1,188	100%	1,188	100%	648	648	100%	648	100%
Female	154	154	100%	154	100%	0	-	-	-	-
Total	1,342	1,342	100%	1,342	100%	648	648	100%	648	100%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. (B)	% (B / A)	Total (D)	No. (E)	% (E / D)
Employees						
Male	165	165	100%	117	117	100%
Female	5	5	100%	3	3	100%
Total	170	170	100%	120	120	100%
Workers						
Male	399	399	100%	88	88	100%
Female	5	5	100%	0	-	-
Total	404	404	100%	88	88	100%

10. Health and safety management system

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No)

Yes

If Yes, the Coverage such systems?

The occupational health and safety system covers all employees, including contractual staff. It encompasses risk assessments, safety training, incident reporting, and provision of personal protective equipment.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Standard Operating Procedures (SOPs) are established for all operations. Before commencing any task, potential workplace hazards are identified, and risk assessments are carried out. Employees undergo appropriate training based on these assessments. The implementation of 5S safety forms an integral part of hazard identification and risk management.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks? (Yes/ No)

Yes

Employees and workers can report safety concerns to their supervisors or the designated safety officer. A WhatsApp-based reporting system is also in place for easy communication. They have the right to remove themselves from hazardous situations when necessary.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the employees/contractors of the Group have access to non-occupational medical and healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High-consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company has implemented comprehensive measures to ensure a safe and healthy workplace. These include conducting safety induction and fire-fighting training for employees, along with regular workplace safety inspections. The mandatory use of personal protective equipment (PPE), such as helmets, gloves, and safety shoes, is enforced across operations. Safety infrastructure includes the installation of safety signage, machine emergency stop switches, and safety sensors to minimize operational risks. Additionally, the Company has implemented 5S practices and conducts regular housekeeping inspections across all departments to maintain a clean, organized, and safe working environment.

13. Number of Complaints on the following made by employees and workers:

Particulars	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	-	-	0	-	-
Health & Safety	0	-	-	0	-	-

14. Assessment for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/ concerns arising from assessments of health & safety practices and working conditions.

Not applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N) Y

(B) Workers (Y/N) Y

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

(This principle highlights the importance of stakeholder engagement. Companies should consider the interests and perspectives of all stakeholders, including shareholders, employees, customers, suppliers, and the communities in which they operate. They should also be responsive to stakeholder concerns and feedback.)

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

At KRN, key stakeholder groups are identified through a structured assessment of the company's business operations, supply chain, and industry ecosystem. The process involves analysing interactions across various functions such as production, procurement, sales, compliance, and community engagement.

Stakeholders are categorized based on their influence on, and impact by, the organization's activities. This includes internal stakeholders like employees and management, as well as external stakeholders such as customers (OEMs), suppliers, regulatory bodies, export partners/distributors, and the local community.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	☐ One-to-one interactions ☐ Site-visits ☐ Customer meetings ☐ E-mails ☐ Feedback Mechanism- Online Survey ☐ Digital Channels ☐ Trial and improvement programmes	☐ Continuous ☐ Periodic ☐ Need based ☐ Annually ☐ Continuous	Delivering safe, high-quality products with innovation, efficiency, and responsive service, while engaging proactively on feedback, grievances, and demand insights through digital and direct channels to drive continuous improvement.
Employees	No	☐ E-mail communication ☐ Presentations, ☐ One-to-one interactions ☐ Notice Board ☐ Trainings and workshops ☐ Grievance mechanism ☐ Rewards and Recognition	☐ Continuous ☐ Event based ☐ Periodic ☐ Annually	Providing competitive pay, benefits, a safe and inclusive workplace, and growth opportunities, while fostering transparency, ethics, innovation, adaptability, collaboration, and productivity aligned with company goals.
Value chain partners	No	☐ E-mail communication ☐ Site visits ☐ One-to-one interactions ☐ Business partner surveys ☐ Structured meetings	☐ Need based ☐ Periodic ☐ Continuous ☐ Annually ☐ Periodic	Building transparent, ethical, and sustainable supplier partnerships focused on quality, timely delivery, mutual growth, innovation, and continuous value creation through reliable processes, compliance, and capability development.
Investors and shareholders	No	☐ Annual general meetings ☐ Conference call ☐ Press releases ☐ Annual reports ☐ News channels ☐ Website updates ☐ Stock Exchange releases ☐ Investors Grievances and Redressal Mechanism	☐ Annually ☐ Quarterly ☐ Annually ☐ Event based	Delivering financial returns, transparent governance, effective risk management, and long-term value, with measurable ESG progress, supported by active stakeholder alignment and participation in strategic decisions.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government and Regulatory authorities	No	☐ E-mail communication ☐ One-to-one interactions ☐ Events ☐ Letters ☐ Reports	☐ Engagement as per need	Ensuring legal and ethical compliance, transparent reporting, and contributions to national goals, while actively engaging in policy dialogues, industry forums, and initiatives that foster fair regulation, business growth, and sustainability.
Local community	No	☐ CSR Initiatives ☐ Field visits by project representatives ☐ Face to face interactions ☐ Collaboration through NGOs ☐ Community meetings	☐ Engagement as per need	Driving local development through sustainable livelihoods, impactful community initiatives, transparent reporting, and active collaboration with stakeholders to foster inclusive growth and shared value.

PRINCIPLE 5 Businesses should respect and promote human rights.

(This principle focuses on the importance of human rights. Companies should respect and promote human rights, including the rights to freedom of expression, association, and privacy. They should also prevent and address human rights violations in their operations and value chains.)

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format

Benefits	FY 2025-26			FY 2024-25		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
Employees						
Permanent	170	170	100%	120	120	100%
Other than permanent	0	0	100%	0	0	100%
Total Employees	170	170	100%	120	120	100%
Workers						
Permanent	404	404	100%	88	88	100%
Other than permanent	938	938	100%	560	560	100%
Total Workers	1342	1342	100%	648	648	100%

2. Details of minimum wages paid to employees and workers

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No. (C)	% (C /A)		No. (E)	% (E /D)	No. (F)	% (F /D)
Employees										
Permanent										
Male	165	-	-	165	100%	117	-	-	117	100%

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No. (C)	% (C /A)		No. (E)	% (E /D)	No. (F)	% (F /D)
Female	5	-	-	5	100%	3	-	-	3	100%
Total	170	-	-	170	100%	120	-	-	120	100%
Other than Permanent										
Male	0	NIL				0	NIL			
Female	0					0				
Total	0					0				
Workers										
Permanent										
Male	399	-	-	399	100%	88	-	-	88	100%
Female	5	-	-	5	100%	0	-	-	0	-
Total	404	-	-	404	100%	88	-	-	88	100%
Other than Permanent										
Male	789	-	-	789	100%	560	-	-	560	100%
Female	149	-	-	149	100%	0	-	-	0	-
Total	938	-	-	938	100%	560	-	-	560	100%

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

Particular	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	5	₹ 2,50,000	2	₹ 30,45,000
Key Managerial Personnel	3	₹ 17,13,000	1	₹ 60,00,000
Employees other than BoD and KMP	162	₹ 33,957	4	₹ 36,496
Workers	399	₹ 21,931	5	₹ 19,358

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 2025-26	FY 2024-25
Gross wages paid to females as % of total wages	4%	10%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes.

Head of HR is responsible for managing and addressing any human rights impacts or issues arising from or linked to the business operations.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The KRN Group acknowledges the importance of timely and effective grievance resolution as a key element in safeguarding and upholding human rights. To support this, the company has implemented dedicated policies and mechanisms, including:

- Whistle Blower Policy / Vigil Mechanism

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

- Prevention of Sexual Harassment (POSH) Policy
- Grievance Redressal Policy

A dedicated Grievance Redressal Committee is in place to address concerns and complaints from both internal and external stakeholders. Additionally, employees are encouraged to approach their respective Heads of Department (HODs) or the Head of HR to report any grievances or issues.

6. Number of Complaints on the following made by employees and workers:

Particulars	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 2025-26	FY 2024-25
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

KRN Group ensures that individuals raising genuine concerns about discrimination or harassment are protected from retaliation or any adverse action. Confidentiality of complainants is maintained through specific provisions in the Grievance Redressal Policy, Whistle Blower Policy, and POSH Policy. All related reports and information are treated as confidential and access is restricted as appropriate.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No/NA) No

10. Assessments for the year:

Name of the Assessment	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% Project sites and the Head Office were assessed by the Group internally, or by statutory authorities and third-party evaluators.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

No significant risk/concerns were identified from the assessment carried out on topics as mentioned above during the year.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

KRN's commitment to environmental excellence is articulated through its EHS Policy, which emphasizes "prioritizing society and the environment, conserving resources, reducing waste, and preventing pollution." The Company is also ISO 14001:2015 certified for its Environmental Management System (EMS), reaffirming its commitment to institutionalizing a process-based approach to effectively managing its environmental responsibilities.

Essential Indicators

Energy management is a key pillar of the Company's ESG strategy, supporting both resource conservation and operational efficiency. The Company's key energy management initiatives include:

- Deployment of energy-efficient equipment:** Use of energy-efficient air compressors, IE4-grade motors with variable frequency drives (VFDs), LED lighting, energy-efficient fans, and ENERGY STAR-rated air conditioners.
- Enhancement of operational efficiency:** Regular monitoring of energy consumption and implementation of process controls to optimize energy use and improve operational efficiency.
- Adoption of renewable energy:** Onsite solar power generation to increase the use of renewable energy and reduce reliance on conventional, fossil fuel-based electricity.

1. Details of total energy consumption* (in Giga Joules) and energy intensity, in the following format:

Parameter	FY 2025-26	FY 2024-25
From renewable sources		
Total electricity consumption (A)	4,182	1,530
Total fuel consumption (B)	0	0
Energy consumption through other sources (C.)	0	0
Total energy consumed from renewable sources (A+B+C)	4,182	1,530
From non-renewable sources		
Total electricity consumption (D)	9,429	2,779
Total fuel consumption (E)	19,552	10,314
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	28,981	13,093
Total energy consumed (A+B+C+D+E+F)	33,163	14,623
Energy intensity per rupee of turnover (GJ per Lakh INR)	0.55	0.34
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (GJ per USD adjusted lakh INR)	11.10	6.96
Energy intensity in terms of physical output (GJ per production in KL)	-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?		NA
If yes, name of the external agency.	NA	

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Yes/No)

NA

If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

NA

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

*Energy consumption has increased on a year-on-year basis due to commencement of production at the new HVAC plant. As the plant operations optimize and production increases, the energy intensity will reduce in future. The electricity is purchased from the India grid, (which is a mix of conventional and renewable energy). Fuel based energy is from coal, diesel and petrol. Fuel conversion factors are based on energy reports from NITI AYOg and Central Electric Authority. The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by the World Bank for India which is 20.09.

3. Provide details of the following disclosures related to water*, in the following format:

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater	3000	-
(iii) Third party water	33,750	9,125
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	36,750	9,125
Total volume of water consumption (in kilolitres)	36,750	9,125
Water intensity per rupee of turnover (KL per LAKH INR)	0.61	0.21
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	12.30	4.34
Water intensity in terms of physical output (KL per Production in KL)	-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Yes/No)		NA
If yes, name of the external agency.	NA	

*Water consumption has increased on a year-on-year basis due to commencement of production at the new HVAC plant. The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by the World Bank for India which is 20.09.

4. Provide the following details related to water discharged:

Parameter	FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	0	0
No treatment		
With treatment – please specify level of treatment		
(ii) To Groundwater	0	0
No treatment		
With treatment – please specify level of treatment		
(iii) To Seawater	0	0
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment	2,548	7,300
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Parameter	FY 2025-26	FY 2024-25
Total water discharged (in kilolitres)	2,548	7,300
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)	NA	
If yes, name of the external agency.	NA	

5. Has the entity implemented a mechanism for Zero Liquid Discharge?

Yes*

If yes, provide details of its coverage and implementation.

The Company is committed to water conservation, with a focus on reducing freshwater consumption, promoting water reuse, and enhancing water efficiency. Key initiatives include identifying and implementing measures to optimize freshwater use, reusing wastewater streams for suitable applications within the plant—for example, using cooling tower blowdown for gardening—and undertaking rainwater harvesting to support groundwater recharge. Effluent and sewage generated from the manufacturing facilities are collected in septic tanks and sent to authorized third parties for appropriate treatment.

*The new facility has implemented ZLD and is committed to achieving 100% coverage.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025-26	FY 2024-25
NOx	Tonnes	0.025	0.018
SOx		Not applicable as the Company uses low-sulphur diesel as per BS-VI	Not applicable as the Company uses low-sulphur diesel as per BS-VI
Particulate matter (PM)	Tonnes	0.003	0.002
Persistent organic pollutants (POP)		-	-
Volatile organic compounds (VOC)		-	-
Hazardous air pollutants (HAP)		-	-
Others – please specify		-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)	NA		
If yes, name of the external agency.	NA		

7. Provide details of greenhouse gas emissions* (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Tonnes of CO ₂ equivalent	1,860	621
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Tonnes of CO ₂ equivalent	1,080	561
Biogenic greenhouse gas emissions		0	0
Total Scope 1 and Scope 2 emissions per LAKH INR of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)		0.049	0.027
Total Scope 1 and Scope 2 emission intensity per LAKH INR of turnover adjusted for Purchasing Power Parity (PPP)		0.98	0.56
Total Scope 1 and Scope 2 emission intensity in terms of physical output (per production in KL)		-	-

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Parameter	Unit	FY 2025-26	FY 2024-25
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)			NA
If yes, name of the external agency.	NA		

*Greenhouse gas emissions have increased on a year-on-year basis due to commencement of production at the new HVAC plant. As the plant operations optimize and production increases, the footprint will reduce. GHG footprint is calculated using emission factors and fuel conversion factors based on energy reports from NITI AYOOG and Central Electric Authority. The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by the World Bank for India which is 20.09. Source of emissions factors used for calculating the greenhouse gas emissions: Scope 1 emissions have been calculated using the emissions factors published by the NITI AYOOG, CPCB, CEA AND DEFRA GHG conversion factors 2025. For Scope 2 emissions – the emission factor is 0.710 tCO₂/MWh, as per the CO₂ Baseline Database for the Indian Power Sector, User Guide, Version 21.0, November 2025, published by the Central Electricity Authority of India.

8. Does the entity have any project related to reducing Green House Gas emission? (Yes/ No)

Yes

If Yes, then provide details.

The Company has implemented a range of operational efficiency measures and renewable energy projects, with a total capacity of **5.4 MW**, to reduce greenhouse gas emissions and improve energy efficiency. Key initiatives include the installation of **IE4-grade motors with variable frequency drives (VFDs)** across various equipment, replacement with energy-efficient air compressors, installation of LED lighting and energy-efficient fans, and deployment of ENERGY STAR-rated air conditioners.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2025-26	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste (A)	11.90	4.99
E-waste (B)		-
Bio-medical waste (C)		-
Construction and demolition waste (D)		-
Battery waste (E)		-
Radioactive waste (F)		-
Other Hazardous waste. Please specify, if any. (G)	2.42	1.32
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	448.92	239.86
Total (A+B + C + D + E + F + G + H)	463.24	246.17
Waste intensity per rupee of turnover (MT per LAKH INR)	0.01	0.01
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (MT per USD adjusted LAKH INR)*	0.16	0.12
Waste intensity in terms of physical output (MT per production in KL)	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste	FY 2025-26	FY 2024-25
(i) Recycled	463.24	246.17
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	463.24	246.17

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	FY 2025-26	FY 2024-25
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)		NA
If yes, name of the external agency.		NA

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by the World Bank for India which is 20.09

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Waste is viewed as a resource, and the Company is committed to segregating different waste streams generated across its operations and diverting them from landfills through recycling and responsible disposal. Key waste management initiatives include the reuse of packaging materials, reduction in the use of single-use plastics, and disposal of waste through government-authorized recyclers, thereby promoting resource recovery and minimizing environmental impacts.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N)	If no, the reasons thereof and corrective action taken, if any.
NA				

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N/NA).

Yes

All our units comply with environmental regulations.

If not, provide details of all such non-compliances, in the following format:

Specify the law/regulation/ guidelines which was not complied with	Provide details of the non- compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
NA			

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)

The company is not currently analysing water withdrawal, consumption and discharges by areas of water stress.

2. Please provide details of total Scope 3 emissions & its intensity

The current focus for carbon management is on Scope 1 and Scope 2 emissions. The company plans to compute Scope 3 emissions going forward.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

NA

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative	Corrective action taken, if any
Solar power	Installation of solar panels for generating renewable electricity	Reduction conventional energy demand and reduction in greenhouse gas emissions	-
Energy efficient lighting	Installation of LED lights	Energy efficiency and reduction in greenhouse gas emissions	-
Energy efficient equipment	Use of energy efficient equipment including IE4 grade motor variable frequency drives (VFD) on various equipment, switch to efficient air compressors, energy efficient fans and energy star rated air conditioners	Energy efficiency and reduction in greenhouse gas emissions	-
Waste segregation and recycling	Different categories of waste are segregated at source and recycled through appropriate recycling channels	Reduced waste disposal to landfill	-

5. Does the entity have a business continuity and disaster management plan? (Yes/No)

Yes

Give details in 100 words/ web link.

Disaster Management is essential for ensuring business continuity and minimizing environmental, human, and property losses during accidents or disasters. The Company's Disaster Management Plan is based on regulatory guidelines, industry best practices, and lessons learned from past emergencies. The plan ensures rapid response, effective coordination, and safety during emergencies. Key focus areas include:

- **Preparedness:** Training, drills, and resource readiness
- **Response:** Clear roles for personnel, communication systems, control centre and emergency actions

Continuous Improvement: Regular reviews, updates, and evaluations to strengthen the plan

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The Company's products, heat exchangers, are inherently designed to **maximize thermal transfer** between fluids,

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

significantly improving energy utilization across industrial processes. By recovering and reusing waste heat, these systems **reduce fuel consumption** and minimize overall energy demand. KRN's heat exchanger solutions help customers lower their **GHG emissions** by making processes more efficient, especially in energy-intensive sectors like petrochemicals, power, and manufacturing. These products align to "low-carbon technology" portfolio, supporting the Company's mission to enable clients' transition to **net-zero operations**. KRN's designs contribute to **reducing operational costs** while also enhancing **environmental performance** of systems they're installed in. The Company offers tailored solutions that optimize heat recovery depending on client needs—be it from flue gases, industrial effluents, or steam systems. Newer models emphasize **compactness, corrosion resistance, and higher efficiency coefficients** to minimize thermal losses.

KRN has taken steps towards managing the sustainable impacts of its value chain by investing in R&D directly aligning with the primary driver of the global heat exchanger market, which is the increasing demand for sustainable, low-energy consumption solutions.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

The company plans to assess its value chain partners for environmental impacts in future.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

(This principle highlights the importance of responsible advocacy. Companies should engage in policy advocacy in a responsible and transparent manner, and avoid engaging in activities that could undermine the public interest or the democratic process.)

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

4

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National/ International)
1	The Refrigeration & Air Conditioning Trade Association (RATA)	National
2	Indian society of heating refrigerating & air conditioning engineers (ISHRAE)	National
3	All India Air Conditioning & Refrigeration Association (All India ACRA)	National
4	Neemrana Industrial Association (NIA)	State

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Not applicable		

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development.

(This principle emphasizes the importance of promoting inclusive and equitable economic development. Companies should create economic opportunities for all, including disadvantaged and marginalized groups. They should also contribute to the development of local communities and support social and economic empowerment.)

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NIL					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
NIL					

3. Describe the mechanisms to receive and redress grievances of the community.

Grievances from the community can be submitted via our website or directly to the Grievance Redressal Team. All concerns are logged, reviewed, and resolved promptly, with escalations made to higher management when required.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particular	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/ small producers	25.10%	14.70%
Directly from within India	51.40%	31.02%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Particular	FY 2025-26	FY 2024-25
Rural	-	-
Semi-urban	100%	100%
Urban	-	-
Metropolitan	-	-

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban/metropolitan)

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner.

(This principle highlights the importance of responsible consumer engagement. Companies should provide safe, high-quality products and services, and ensure that they are marketed and sold ethically and responsibly. They should also be transparent about their products and services, and provide consumers with the information they need to make informed choices.)

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

A grievance redressal communication matrix is in place to ensure that consumer complaints and feedback are received, tracked, and addressed promptly through a structured escalation process.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about

Particular	As a percentage to total turnover*
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. Number of consumer complaints in respect of the following:

Particular	FY 2025-26		Remark	FY 2024-25		Remark
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other*	46	0	-	27	0	-

*Design and product related

4. Details of instances of product recalls on account of safety issues:

Particular	Number	Reason for recall
Voluntary recalls	0	-
Forced recalls	0	-

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No)

Yes

If available, provide a web link of the policy

KRN has established a cybersecurity and data privacy risk policy, which is accessible on the group's intranet.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

N.A.

No complaints or regulatory actions were reported during the period related to advertising, delivery of essential services, cybersecurity, data privacy, or product safety, nor were there any product recalls or penalties.

7. Provide the following information relating to data breaches

a. Number of instances of data breaches along-with impact

0

b. Percentage of data breaches involving personally identifiable information of customers

-

c. Impact, if any, of the data breaches

Not applicable

Leadership Indicator

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information of the products manufacturing by the group can be accessed at company official website www.krnheatexchanger.com