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Annual Report
2022-23

ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

Sixty Third Annual General Meeting

Board of Directors

Non-Executive Directors

Mr. N Mohan Nambiar
Mr. B Vijayakumar
Mr. Sudarsan Varadaraj
Dr. Ganesh Devaraj
Mr. M Ramprasad
Mr. Harjeet Singh Wahan
Ms. Aruna Thangaraj

Managing Director

Mr. Jairam Varadaraj

Executive Director

Mr. Anvar Jay Varadaraj

Chief Financial Officer

Mr. Jayakanthan R

Company Secretary

Mr. S Prakash

Statutory Auditors

Price Waterhouse Chartered Accountants LLP,
Chartered Accountants

Secretarial Auditor

MDS & Associates LLP,
Company Secretaries

Cost Auditor

STR & Associates, Cost Accountants

Bankers

Central Bank of India
State Bank of India
The Hong kong and Shanghai Banking Corporation Limited
HDFC Bank Limited
Standard Chartered Bank
Citi Bank NA
Kotak Mahindra Bank Limited
ICICI Bank Limited

Registered Office

ELGI Industrial Complex III, Trichy Road
Singanallur, Coimbatore – 641 005

Phone: 91-422-2589555
Fax: 91-422-2573697
Website: www.elgi.com
E-mail: investor@elgi.com

Registrar & Share Transfer Agents

Link Intime India Private Limited
Coimbatore Branch
"Surya", 35 Mayflower Avenue
2nd Floor, Behind Senthil Nagar
Sowripalayam Road
Coimbatore - 641 028
Tel: 0422- 2314792/5792
E-mail: coimbatore@linkintime.co.in

Date of AGM: **August 4, 2023** | Day: **Friday** | Time: **4.15 P.M. (IST)**

Book Closure dates: **July 29, 2023 to August 4, 2023** (both days inclusive)

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FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set our anticipated results based on management plans and assumptions. We have tried, where possible to identify such statements by using such words as 'anticipate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance.

We cannot, of course, guarantee that this forward-looking statement will be realized, although we believe we have been prudent in our assumptions. Achievement of results is subject to risks, uncertainties, or potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Year at a glance

Consolidated Financial Statements

(₹ in Million, except per equity share data)

Particulars	2022-23	2021-22
Income		
Revenue from operations	30,407	25,247
Other income	672	550
Total income	**31,079**	**25,797**
Expenditure		
Cost of materials consumed	12,271	11,504
Purchases of stock-in-trade	3,831	3,169
(Increase)/decrease in inventories	(768)	(1,102)
Staff cost	5,719	4,839
Finance cost	198	111
Depreciation and amortisation expenses	777	745
Other expenditure	5,026	3,914
Total expenditure	**27,054**	**23,180**
Profit / Loss		
Profit before tax	4,025	2,617
Less: Tax expenses	1,396	846
Add: Share of profit from joint ventures	25	13
Add: Exceptional items	1,054	-
Net Profit	**3,708**	**1,784**
Others		
Paid up Equity share capital	317	317
Other equity	13,395	10,008
Capital expenditure	690	405
Cash flow from operations	1,659	686
Basic EPS (in ₹)	11.72	5.64
Dividend per share (in ₹)	2.00*	1.15
Number of shareholders	48,331	47,184
Number of employees	2,127	2,162

*proposed dividend

30,407
Revenue

3,708
Net profit

Notice of the Sixty Third Annual General Meeting

NOTICE is hereby given that the Sixty Third Annual General Meeting of Elgi Equipments Limited will be held on **Friday, August 4, 2023, at 4:15 p.m. (IST)** through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt:

   a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023, together with the Reports of the Board of Directors and the Auditors thereon; and

   b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023, together with the Report of Auditors thereon.

2. To declare dividend for the financial year ended March 31, 2023.

3. To appoint a Director in place of Mr. Harjeet Singh Wahan (DIN: 00003358), who retires by rotation and, being eligible, offers himself for re-appointment.

Notes:

1. The Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020, read with circulars dated April 8, 2020, April 13, 2020, June 15, 2020, September 28, 2020, December 31, 2020, January 13, 2021, May 5, 2022 and December 28, 2022 (collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India vide their circulars dated May 12, 2020, January 15, 2021, May 13, 2022 and January 5, 2023 (collectively referred to as "SEBI Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/OAVM. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedures mentioned below.

2. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

3. Institutional/Corporate Shareholders (i.e., other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or Governing Body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to elgi@mdsassociates.in with a copy marked to the Company at investor@elgi.com and to its Registrar and Share Transfer Agents ("RTA") at enotices@linkintime.co.in.

4. Pursuant to the provisions of Section 91 of the Act, and Regulation 42 of the SEBI Listing Regulations, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 29, 2023 to Friday, August 4, 2023 (both days inclusive).

5. Dividend as recommended by the Board of Directors, if declared at the AGM will be paid within 30 days from the date of declaration to those Members whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Friday, July 28, 2023.

6. Members are advised to utilize the National Electronic Clearing System ("NECS") for receiving dividends. Members holding shares in electronic form are

requested to contact their respective Depository Participants for availing NECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz., www.elgi.com and the same, duly filled up and signed along with original cancelled cheque leaf may be sent to the Company or to the RTA.

7. A. The Securities and Exchange Board of India ("SEBI") had earlier mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities/Registrar and Share Transfer Agents with effect from April 1, 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. Necessary prior intimation in this regard was provided to the shareholders.

   B. Further, SEBI had also mandated the listed entities to issue shares only in dematerialized mode, with effect from January 25, 2022 to the Shareholder(s)/claimant(s) holding shares in physical mode, as against their service requests including for transmission or transposition of shares.

   C. Further, SEBI vide its circular(s) dated November 3, 2021 and March 16, 2023, has also mandated that the Shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before October 1, 2023, failing which the securities held by such Shareholder will be frozen by the RTA. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the dividend payments will be processed only upon receipt of requisite KYC details and credited to the bank account of the Shareholder electronically.

   D. Further, SEBI vide its circular(s) dated November 3, 2021 and March 16, 2023, has also mandated that the Shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked have been frozen by the RTA. The securities which have been frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities.

   Necessary prior intimation(s) in this regard was provided to the Shareholders. Therefore, Members holding share(s) in physical form are requested to immediately update their KYC details/ dematerialize their shareholding in the Company. A copy of the said circular(s) is available on the Company's website www.elgi.com.

8. **Change of Address:** Members are requested to notify any change of address and bank details to their Depository Participants in respect of their holdings in electronic form and in respect of shares held in physical form, to the Secretarial Department at the registered office of the Company or to Link Intime India Pvt Limited, "Surya", 35 May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam, Coimbatore - 641028, the RTA of the Company.

9. Non-Resident Indian ("NRI") Members are requested to inform the Company or its RTA or to the concerned Depository Participants, as the case may be, immediately:

   i. The change in the residential status on return to India for permanent settlement or

   ii. The particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.

10. Pursuant to the provisions of Section 72 of the Act, members may file nomination forms in respect of their physical shareholdings. Any member willing to avail this facility may submit to the Company's RTA in the prescribed statutory form. Should any assistance be desired, members should get in touch with the Company's RTA.

11. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates along with the requisite KYC documents to the RTA, for consolidation into a single folio. Requests for consolidation of the share certificates will be processed in dematerialised form.

12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

13. Members desirous of receiving any information on the financial statements of the Company are requested to forward his/her queries to the Company, through email at investor@elgi.com seven working days prior to the meeting. The same will be replied by the Company suitably.

14. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company/RTA of the Company. Members are requested to note that pursuant to Section 124 of the Act, dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government under Section 125 of the Act. The details of unpaid/unclaimed dividend can be viewed on the Company's website www.elgi.com. As per the provisions of Rule 6 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Company will be transferring the share(s) on which the beneficial owner has not encashed any dividend during the last seven years to the IEPF demat account as identified by the IEPF Authority. Details of shareholders whose shares are liable to be transferred to IEPF are available at the Company's website: www.elgi.com. The shareholders whose unclaimed dividend/share has been transferred to the IEPF may claim the same from IEPF authority by filing Form IEPF-5 along with requisite documents. Mr. S Prakash, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.

15. **Compulsory transfer of Equity Shares to IEPF Authority:** Pursuant to the provisions of Section 124(6) of the Act and Rule 6 of the IEPF Rules and amendments thereto, the Company has transferred the shares in respect of Members who have not claimed/encashed dividend for the last seven consecutive years to the Demat Account of the IEPF Authority. Details of the Members whose shares have been transferred to the Demat account of the IEPF Authority are available at the Company's website at www.elgi.com.

16. In compliance with MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the financial year 2022-23 is being sent only through electronic mode to those Members whose email address is registered with the Company/Depositories. Members may note that the Notice and Annual Report for the financial year 2022-23 will also be available on the Company's website www.elgi.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Ltd at www.bseindia.com and www.nseindia.com respectively, and on the website of Link Intime India Private Limited at instavote.linkintime.co.in. Members can attend and participate in the AGM through VC/OAVM facility only.

17. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Act.

18. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of Shareholders with effect from April 1, 2020, and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. Detailed communication regarding the prescribed TDS rates for various categories, conditions for Nil/preferential TDS and details/documents required thereof are being sent to the members. Members are requested to submit the documents as stated in the communication online by clicking on the following link https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before July 28, 2023.

19. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

20. 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 account(s). Members holding shares in physical form can submit their PAN details to the Company or RTA.

21. Members holding shares in electronic form may please note that as per the regulations of SEBI, National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"), the Company is obliged to print the bank details on the dividend warrants as furnished by these depositories to the Company and the Company cannot entertain any request for deletion/change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their Depository Participants and furnish particulars of any changes desired by them.

22. Brief resume, details of shareholding and inter-se relationship of the Director seeking re-appointment as required under Regulation 36 of the SEBI Listing Regulations and Secretarial Standards - 2 are provided as an Annexure to this Notice.

23. The Shareholders are advised to register/update their e-mail address with the Company/RTA in respect of shares held in physical form and with the concerned

Depository Participant in respect of shares held in electronic form in order to enable the Company to serve documents in electronic mode.

24. Members who have not received the split share certificates (₹ 1/- face value) are requested to receive the split share certificates by surrendering their old share certificates (₹ 10/- face value) to the Company's RTA immediately.

25. Annual financial statements and related details of the wholly owned subsidiary companies are hosted on the Company's website and is also kept for inspection at the Registered Office of the Company and at the Subsidiary Company till the date of AGM. A copy of the same will be provided to the members on request.

26. Soft copies of the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested, maintained under of Section 189 of the Act will be available for inspection by the members during the AGM.

27. **Registration of email ID and Bank Account details:** In case the shareholder's email ID is already registered with the Company/its RTA/Depositories, log in details for e-voting are being sent on the registered email address.

    In case the shareholders have not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions are to be followed:

    (i) Shareholders holding shares in physical form are requested to register/update the details in the prescribed Form ISR-1 and other relevant forms with the Registrar and Transfer Agents of the Company, Link Intime India Private Limited at coimbatore@linkintime.co.in Members may download the prescribed forms from the Company's website at www.elgi.com.

    (ii) In the case of shares held in demat mode, the shareholder may please contact the Depository Participant and register their email address and bank account details in the demat account as per the process followed and advised by the Depository Participant.

Voting Through Electronic Means

Pursuant to the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI Listing Regulations, and Secretarial Standard on General Meetings (SS-2), the Company is providing its Members with the facility to cast their vote electronically from a place other than venue of the AGM ("remote e-voting") using an electronic voting system provided by Link Intime India Private Ltd ("LIIPL"), for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of AGM and the business may be transacted through such remote e-voting. The instructions to e-voting, as given below, explain the process and manner for casting of vote(s) in a secured manner.

(i) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as on Friday, July 7, 2023, may refer to this Notice of the AGM, posted on Company's website www.elgi.com for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.

(ii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

(iii) The voting period begins on Tuesday, August 1, 2023, at 9 A.M. (IST) and ends on Thursday, August 3, 2023, at 5 P.M. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, July 28, 2023 may cast their vote electronically. The e-voting module shall be disabled by LIIPL for voting thereafter.

Remote e-voting instructions for shareholders:

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

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

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	• Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login"" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name i.e., LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period. • If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp • 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. • 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 i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	• Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing myeasi username & password. • After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by the Company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service provider's website directly. • If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. • Alternatively, the user can directly access the 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, the 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 Shareholders (holding securities in demat mode) login through their depository participants.	• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. 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 the Company name or e-Voting service provider name i.e., Link Intime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Login method for Individual shareholders holding securities in physical form/Non-Individual Shareholders holding securities in demat mode is given below:

<table>
<tr><th>Type of Shareholders</th><th>Login Method</th></tr>
<tr><td>Individual Shareholders of the Company, holding shares in physical form/Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:</td><td>1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in
2. Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -
A. User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable).
C. DOB/DOI: Enter the Date of Birth (DOB)/Date of Incorporation (DOI) (As recorded with your DP/Company - in DD/MM/YYYY format)
D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
*Shareholders holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above
*Shareholders holding shares in NSDL form, shall provide ‘D’ above
➔ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).
➔ Click “confirm” (Your password is now generated).
3. Click on ‘Login’ under ‘SHARE HOLDER’ tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.</td></tr>
<tr><td>Cast your vote electronically:</td><td>1. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour/Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).
4. After selecting the desired option i.e. Favour/Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.</td></tr>
</table>

Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as **‘Custodian/Mutual Fund/Corporate Body’.** They are also required to upload a scanned certified true copy of the board resolution/authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **‘Custodian/Mutual Fund/Corporate Body’** login for the Scrutinizer to verify the same.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: Tel: 022 – 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login Type	Helpdesk Details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholder holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

- Click on **'Login'** under **'SHARE HOLDER'** tab and further Click **'forgot password?'**
- Enter **User ID,** select **Mode** and Enter Image Verification code (CAPTCHA). Click on **"SUBMIT"**.

In case shareholders are having valid email address, Password will be sent to his/her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#$&), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company.

Individual Shareholders holding securities in demat mode with NSDL/CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned depository/depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Instructions for Shareholders/Members to attend the AGM through InstaMeet (VC/OAVM) are as under:

- Shareholders/Members are entitled to attend the AGM through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available to the Members on first come first serve basis.
- Shareholders/Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the AGM. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chairpersons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first come-first serve basis. Members can log in and join 30 (thirty) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time.

- **Shareholders/Members will be provided with InstaMeet facility wherein Shareholders/Member shall register their details and attend the Annual General Meeting as under:**
  a. Open the internet browser and launch the URL for InstaMeet instameet@linkintime.co.in and register with your following details: DP ID/Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID/Client ID or Beneficiary ID or Folio Number registered with the Company.
  b. PAN: Enter your 10-digit Permanent Account Number (PAN) (members who have not updated their PAN with the Depository Participant or Company shall use the sequence number provided to you, if applicable).
  c. Enter your Mobile No.
  d. Enter your Email ID, as recorded with your DP/Company.
  e. Click "Go to Meeting"

Note:

Shareholders/Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience.

Shareholders/Members are required to use Internet with a good speed (preferably 2 mbps download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel: (022-49186175).

InstaMeet Support Desk
Link Intime India Private Limited

Instructions for Shareholders/Members to register themselves as Speakers during AGM:

- Shareholders/Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at investor@elgi.com on or before July 31, 2023.
- Shareholders/Members, who would like to ask questions, may send their questions in advance mentioning their name, demat account number/folio number, email ID & mobile number at investor@elgi.com. The same will be replied by the Company suitably.

Note:

Those shareholders/members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Shareholders/Members are allowed to use camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Instructions for Shareholders/Members to Vote during the AGM through InstaMeet:

Once the electronic voting is activated during the meeting, shareholders/members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
2. Enter Demat Account No./Folio No. and OTP (received on the registered mobile number/registered email ID) received during registration for InstaMeet and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/Against" for voting.
4. Cast your vote by selecting appropriate option i.e., "Favour/Against" as desired.
5. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
6. After selecting the appropriate option i.e., Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
7. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note:

Shareholders/Members, who will be present in the AGM through InstaMeet facility and have not cast 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 facility during the meeting.

Shareholders/Members who have voted through Remote e-Voting prior to the AGM will be eligible to attend/ participate in the AGM through InstaMeet. However, they will not be eligible to vote again during the meeting.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel: (022-49186175).

InstaMeet Support Desk
Link Intime India Private Limited

I. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, July 28, 2023.

II. Mr. M. D. Selvaraj, FCS of MDS & Associates LLP, Company Secretaries, Coimbatore, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

III. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those members who are present at the AGM by electronic means but have not cast their votes by availing the remote e-voting facility.

IV. The Scrutinizer shall, after the conclusion of voting at the AGM first count the votes cast during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two working days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

V. The results shall be declared within the time stipulated under the applicable laws. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.elgi.com and on the website of LIIPL and be communicated to the Stock Exchanges, where the shares of the Company are listed, by the Chairman or a person authorized by him.

By order of the Board
For Elgi Equipments Limited

S Prakash
Company Secretary

Place: Coimbatore
Date: May 19, 2023

Registered Office:

Elgi Equipments Limited
Elgi Industrial Complex III
Trichy Road, Singanallur
Coimbatore – 641005
Phone: 91-422-2589555
Fax: 91-422-2573697
Website: www.elgi.com
Email: investor@elgi.com

Annexure

Additional information on the Director seeking re-appointment as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standards – 2 issued by the ICSI

Name	Harjeet Singh Wahan
Director Identification Number	00003358
Date of Birth and Age	November 6, 1948; 74 years
Nationality	Indian
Date of appointment on the Board	April 1, 2015
Qualification	BE., (Elec), BM
Experience/Expertise in functional areas	Has more than 30 years of experience in quality and business process.
Number of Board meetings attended during the year	4/4
Directorships held in other companies as on the date of the Notice	(a) Adison Precision Instruments Manufacturing Company Limited (b) Bull Machines Private Limited
Chairman/Member of the Committees of the Board of the other companies in which he is a Director as on the date of the Notice	NIL
Terms and conditions of appointment/ re-appointment	Liable to retire by rotation
Number of listed entities from which the person has resigned in the past three years	NIL

For other details such as number of shares held, remuneration drawn and relationship with other directors and key managerial personnel in respect of the above director, refer to the Corporate Governance report which is a part of this report.

Management Discussion and Analysis

Our Purpose

In the past, we started our Management, Discussion, and Analysis ("MDA") with a recap of our business and financial achievements for the year. For FY'23 and the future, we will start with a discussion of our Purpose. ELGi's Purpose is being a good company that is fair in its engagement with and treatment of its stakeholders. Our stakeholders include customers, employees, investors, suppliers, and society. Our Purpose will follow the golden rule, which is to treat others as we would like to be treated. We experience the elation when we are treated fairly and the pain when we are not. Thus, it is within us to be and do what makes us feel that we have been treated fairly. While we will work with an agency to sharpen its definition for communication, the most important outcome of the exercise will be for us to review our policies and practices to our stakeholders and revise them as per our purpose. We must be a good company and being good is good for the business as well.

Introduction

In FY'23, we delivered sales and profitability as per the Annual Business Plan ("ABP") goals and we are well placed to achieve the committed results set forth in our five-year Strategic Business Plan ("SBP"). As a note, the ABP refers to the goals in the immediate year of discussion, while the SBP refers to the goals in the five-year forecasted period (FY 2021-22 to FY 2025-26). For more detail on SBP, refer to the MDA from the annual report of FY'20 in the "Investors" section of our website: https://www.elgi.com/in/financials/. Based on our FY'23 performance, we are committing to the following targets in FY'25-26:

1. Revenue – ₹ 37,500 Mn.
2. EBITDA – 16%
3. ROCE – 30%

We will discuss our performance by regions and relevant functions. We will list our strategic priorities and review our FY'23 performance. Please note that the notes under the "Review" section will include highlights other than our strategic priorities and potential areas for improvement.

India

Our India business maintained its momentum from FY'22. Government policies supported infrastructure and manufacturing investments which translated to growth across our segments.

Price increases from Q2 to Q4 of FY'23 helped maintain margins and reinforce our premium brand position. We maintained our fixed costs below plan to deliver strong EBITDA.

- **Industrial Oil Lubricated**
  - Strategic Priorities
    - Grow market share by driving awareness in specific industries.
    - Expand distribution.
    - Drive profitability via price increases and aftermarket capture.
  - FY'23 Review
    - Enjoyed growth without the benefit of COVID driven oxygen generation demand from FY'22.
    - Our direct drive reciprocating compressor helped drive double digit growth within the reciprocating compressor segment.
    - Increased volume of our larger industrial machines indicating increased awareness amongst sophisticated buyers.
    - Need to renew our go to market efforts to win with new customers to drive market share growth.
- **Oil Free**
  - Strategic Priorities
    - Grow market share by building awareness, expanding product range, improving product performance, and offering best in class aftermarket service.
  - FY'23 Review
    - FY'23 represented our best year for oil free sales and we're entering FY'24 with a strong order book with healthy repeat customers.
- **Construction and Mining**
  - Strategic Priorities
    - Maintain market share and drive profitability.

- FY'23 Review
  - Maintained our dominant market share and drove margins with strategic price increases.
- **Waterwell**
  - Strategic Priorities
    - Recover dominant share position.
    - Be first to market with new products.
  - FY'23 Review
    - Strong rains resulted in soft demand.
    - Well placed with products and sales processes to capture demand.
- **Railways**
  - Strategic Priorities
    - Maintain core customer market share.
    - Increase share in new segments and OEM opportunities.
  - FY'23 Review
    - Double digit growth post COVID.
    - Increased margins by focusing on our aftermarket business.
    - Drove awareness with non-government sectors for future growth.

Africa and Middle East

Our direct to market initiatives in the Middle East delivered strong results. Margin expansion by driving aftermarket and reducing our operational costs helped drive the Middle East's bottom line. Favourable demand in Africa drove strong results.

North America

FY'23 marked our tenth anniversary of serving the North American market. North America exceeded our sales forecast and significantly improved the profitability in FY'23. Demand remains strong across our businesses despite recession concerns. We drove margins across our businesses with price increases, but higher one-time fixed costs related to systems and IT lowered the profit. We invested in our fixed costs to improve our operational capabilities to achieve our long-term goals in the region. While the sale of the original Pattons facility helped reduce our long- and short-term debt, our cash generation has not kept up with our sales growth. We intend to reduce inventory and our receivables to drive cash in FY'24.

- **ELGi Industrial Compressors**
  - Engaged in the supply and support of ELGi compressors and parts to nearly 100 distributors across the USA and Canada
  - Strategic Priorities
    - Establish quality distribution partnerships in top 40 markets.
    - Drive long term profitability by building the aftermarket organization.
    - Establish the North America oil free strategy.
    - Build talent, process, and technology enablers to achieve CK2 goals.
  - FY'23 Review
    - Strategic price increases helped drive margins.
    - Continued distribution expansion in our top 40 markets.
    - Established joint venture partnership in Buffalo, New York, which is part of our top 40 markets.
- **ELGi Portable Compressors**
  - Engaged in the supply and support of ELGi's (formerly Rotair) range of portable air compressors to distributors and rental outlets across the USA and Canada
  - Strategic Priorities
    - Establish distribution in top 20 markets.
    - Drive long term profitability by expanding product range and reducing material cost.
  - FY'23 Review
    - Best in class product availability helped drive share growth.
- **ELGi Distribution Operations**
  - ELGi North America's distribution brands (Michigan Air Solutions ["MAS"], and Pattons) are engaged in the supply, service, and support of ELGi products, parts, and general compressed air solutions to end customers in North Carolina, South Carolina, Michigan, Georgia, Alabama, and Virginia.
  - Strategic Priorities
    - Drive sales of ELGi equipment in top served markets.
    - Increase service business in largest markets.

- FY'23 Review
  - Consolidated leadership of Pattons and MAS under ELGi's VP of Distribution Operations.
  - Achieved record ELGi equipment sales at Pattons.
  - Equipment and service price increases helped drive profitability.
  - Need to focus on winning new service customers to drive profitability.
  - Need to reduce our fixed costs.
- **Pattons Medical**
  - Engaged in the design, manufacture, supply, and support of medical air and gas systems in the USA.
  - Strategic Priorities
    - Improve win rate in existing markets.
    - Expand into strategic markets such as California.
    - Drive parts sales.
  - FY'23 Review
    - Achieved record equipment and parts sales.

Europe

We achieved our revenue and profit goals by driving brand awareness and expanding distribution. Record inflation softened demand across sectors and high energy costs softened demand in energy intense sectors such as steel. Strategic inventory investments helped mitigate supply chain delays, but constrained cash. We anticipate continued supply chain uncertainty owing to the Ukraine war and will invest in inventory accordingly.

- **ELGi Industrial Compressors (Oil Lubricated and Oil Free)**
  - Engaged in the supply and support of ELGi compressors and parts to channel partners in Italy, France, Spain, Benelux, Sweden, UK, Netherlands, and Poland.
  - Strategic Priorities
    - Establish quality distribution within focus regions.
    - Increase share of business with existing channel partners.
    - Establish foundations for future profitability.
  - FY'23 Review
    - Established metrics to measure channel penetration and assess gaps.
    - Increased share of business with existing channel partners.
    - Grew margins with price increase.
    - Limited EBITDA loss with operational cost control.
    - Tracking to initial goals to profitability.
- **Rotair (Portable compressors)**
  - Engaged in the design, manufacturing, and supply of Rotair's range of diesel and gasoline powered portable air compressors, hydraulic breakers, and rampicars.
  - Strategic Priorities
    - Improving product profitability.
    - Expand product range.
    - Maintain best in class delivery.
  - FY'23 Review
    - Maintained margins with price increases and cost control.
    - Supported best in class volume growth in key regions such as the USA.
    - Product improvement and product launch initiatives remain on track.

ELGi Australia and Southeast Asia

In Australia, we grew our sales and profitability relative to FY'22 but fell short of our annual plan. Indonesia met its plan, but we didn't make much progress in other key markets such as Malaysia, Thailand, and Vietnam.

- **Oil Lubricated and Oil Free in Australia**
  - Strategic Priorities
    - Expand independent distribution.
    - Grow equipment and service market share at Pulford.
    - Grow oil free market share.
  - FY'23 Review
    - Won customers in focus industries.
- **Southeast Asia**
  - Strategic Priorities
    - Build go-to-market strategies in Vietnam, Malaysia, Thailand, and Indonesia.

- FY'23 Review
  - Growth and momentum in Indonesia across our product categories.
  - Delays in building go-to market strategies in Malaysia, Thailand, and Vietnam.

ATS ELGi

We exceeded our sales and profitability targets for the year. Improved passenger vehicle sales drove our core products. We increased our share in the tyre shop and two-wheeler segments which is in line with our strategic priorities to expand beyond our passenger vehicle product portfolio.

ELGi Sauer

We achieved record revenue and profitability with growth across sectors such as renewable energy, steel, and general high-pressure applications. Our core naval segment remains robust with a strong outlook for FY'24. We continue to expand our engineering capabilities to indigenize our product range. ELGi Sauer will move into a new production and office facility in June 2023.

Strategic Enablers

Our strategy's success hinges on the health of our enablers or supporting activities and functions. In this section, we will highlight progress in our enablers which will support our aspirations in FY'24 and beyond.

- **Leadership and Collaboration**
  - Onboarded Chief Strategy Officer to lead our Product Management Organization (PMO) and Strategy Functions.
  - Onboarded Chief Human Resources Officer to lead our global HR organization.
- **Talent Management**
  - Number of employees on roll is 1,258.
  - Engaged Ernst and Young to conduct a talent assessment for the India region which will ensure we place the right talent in the appropriate roles.
- **Operations and Supply Chain**
  - Achieved record production output to fulfil record sales globally.
  - Recognized targeted material cost savings from Project Cosmos, a consulting engagement with Ernst and Young to reduce material costs.
  - We need to reduce on-hand inventory in our regions to free cash.
- **Products and Technology**
  - Strategic Priorities
    - Ensure continuous improvement of current products across range expansion, performance, energy consumption, reliability, and cost.
    - Launch new products as per market feedback, customer feedback, competitor portfolio, revenue potential, and profit potential for strategic regions.
    - Develop and launch new products in a timely manner in keeping with our strategic business plans.
    - Long term product development based on stated and unstated customer needs.
  - FY'23 Review
    - Performance Improvement
    - Improved energy efficiency in our larger oil lubricated range thereby elevating our products to market leaders in energy efficiency.
    - Improved energy efficiency in our oil free (dry screw) range
      - Range expansion
        - Smaller kilowatt AB series oil free compressors to address a wider range of oil free customer needs.
        - Continued investment in our direct drive piston compressor range which offers superior performance and reliability in a price driven category.
        - Increased range in our electric powered portable compressor range to address growing demands for energy efficiency in the category.
      - We need to improve our ability to identify product improvement and development opportunities by region and allocate resources to bring improvements and new products to market in line with our business goals.
- **Digital Transformation**
  - Strategic Priorities
    - Enhance the overall Digital Quotient ("DQ") of the organisation.
    - Drive digitisation of business processes
    - Create digital eco-system.

- FY'23 Review
    - Focused on improving the DQ across the organisation.
    - Launched the Digital Innovation DOJO - ELGi's digital transformation strategy based on the premise of 'Experiment, Start Small & Scale Fast'.

- **Brand**
  - Strategic Priorities
    - Drive awareness, consideration, and conversion for our customers in our target markets
    - Manage our stakeholders' experience with our brand.
  - FY'23 Review
    - Significant growth in awareness and leads generated from our digital and social media platforms.
    - Continued growth in our public relations' presence globally.
    - Increased participation at end customer events to generate "pull" for the ELGi brand.

- **Environmental, Social, and Governance (ESG)**
  - Strategic Priorities
    - Environment: Focus on energy efficiency, lower emissions, and resource-neutral operations.
    - Social: Employee centricity and access to quality education.
    - Governance: Inclusive ESG governance.
  - FY23 review
    - Published our first ESG report for FY2022 in November 2022.
    - Defined Short term and long-term Goals for E, S and G.

- **Non-Core Assets**
  - The Company identified certain non-core assets and initiated actions to liquidate these. During the year we sold certain larger value assets and used the funds to repay the debts.

Internal Control Systems and their Adequacy

The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit Committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The Committee reviews the statutory auditors' report, key issues, significant processes and accounting policies. The Directors confirm that the Internal Financial Controls are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3) (i) of the Act certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

Details of significant changes in key financial ratios (Consolidated):

S.No.	Ratio	Formula	2022-23	2021-22	% of change
1	Operating profit margin %	Gross profit/Total Income	16.09%	13.47%	19.46%
2	Net Profit margin %	Net Profit*/Total Income	9.44%	6.92%	36.42%
3	Return on net worth %	Net Profit*/Average Networth	30.85%	20.17%	52.95%
4	Debtors' turnover ratio	Revenue from Operations/Average Trade Receivables	5.91	5.76	2.70%
5	Inventory turnover ratio	Revenue from Operations/Average Inventory	5.57	6.07	(8.34%)
6	Current ratio	Current Assets/Current Liabilities	1.79	1.65	7.96%
7	Interest coverage ratio	(Finance Cost + Profit before Tax)/Finance Cost	21.36	24.55	(13.01%)
8	Debt equity ratio	Long Term Debt/Networth	0.02	0.06	(71.84%)

* Net profit excluding Exceptional item (net of tax) for Financial Year 22-23

Improvement in profitability ratios was primarily due to increase in profit driven by growth in sales and improved margin realisation. The inventory turnover ratio was impacted by continuing challenges in the supply chain. Interest coverage ratio dropped due into increase in cost of borrowing in certain markets. Improvement in Debt/Equity could be achieved because of reduction in long term borrowings.

Board's Report

Dear Shareholders,

Your Directors hereby present the sixty third Annual Report of Elgi Equipments Limited ("Elgi/the Company") along with the audited financial statements for the financial year ended March 31, 2023.

Financial Results

The highlights of the standalone performance of your Company during the fiscal are given hereunder:

(₹. in millions)

Particulars	2022 - 23	2021 - 22
Profit before depreciation, exceptional items & tax	3,923.37	2,881.11
Less: Depreciation and amortisation expenses	383.60	367.68
- Exceptional items	-	–
Profit Before Tax	3,539.77	2513.43
Less: Income tax expense	814.99	619.92
Net Profit	2,724.78	1,893.51
Add: Opening balance in retained earnings	7,956.07	6,247.48
Less: Dividend paid during the year	364.45	253.28
- Transfer to general reserve	-	–
Add: Remeasurement of post-employment benefit obligation, net of tax	(11.79)	17.38
Transfer to retained earnings of gain on sale of Treasury shares, net of tax	-	50.98
Transfer to retained earnings on Exercise of shares under ESOP scheme	1.09	–
Closing balance in P&L account	**10,305.70**	**7,956.07**

Review of Business Operations

The Company realised an operating revenue of ₹ 17,566.35 Million as against ₹ 15,825.90 Million in 2021-22.

The details of division wise performance and other operational details are discussed at length in the Management Discussion and Analysis section. There was no change in the nature of business of the Company during the financial year ended March 31, 2023.

Share Capital

During the year under review, there were no changes in the issued and paid-up share capital of the Company. The issued and paid-up share capital of the Company consist of 31,69,09,016 equity shares of face value of ₹ 1/- each amounting to ₹ 31,69,09,016/- as on the date of the report.

Transfer to reserves

The Company has not transferred any amount to the General Reserve during the year under review. However, an amount of ₹ 2,724.78 million of the current profits has been carried forward under the head retained earnings.

Dividend

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Dividend Distribution Policy of the Company is hosted in the Company's website https://www.elgi.com/in/policies/dividend-policy.pdf. For the financial year 2022-23, in line with the Dividend Distribution Policy, the Board of Directors at their meeting held on May 19, 2023, has recommended a dividend of ₹ 2/- per share (200%) on the paid-up share capital of 31,69,09,016 equity shares. Subject to the approval of shareholders, an amount of ₹ 633.82 million will be paid as dividend after deducting applicable taxes (Previous Year ₹ 364.45 Million).

Transfer of Unclaimed Dividend/Shares to Investor Education and Protection Fund

In terms of Sections 124 and 125 of the Companies Act, 2013, ("Act") unclaimed or unpaid dividend relating to the financial year 2015-16 is due for remittance to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

Further, pursuant to Section 124(6) of the Act, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 48,621 equity shares of Re.1/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of demat account identified by the IEPF Authority during the year under review.

Annual Return

The Annual Return of the Company for the financial year 2022-23 as required under Section 92(3) of the Act is available on the website of the Company and can be accessed on the Company's website at the link https://www.elgi.com/in/financials/.

Board Meetings held during the year

During the year, four meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached to this Report.

Committees

As on March 31, 2023, the Company has Audit Committee, Nomination and Remuneration Committee, Compensation Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. Detailed note on the composition of the Board and its Committees are provided in the Corporate Governance Report attached to this Report.

Statement on compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and such systems are adequate and operating effectively.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(3)(c) of the Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from those standards;

b. The Directors 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 of the Company for that period;

c. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The Directors have prepared the annual accounts on a going concern basis;

e. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. The Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively.

Details in respect of frauds reported by Auditors under Section 143(12) of the Act, other than those which are reportable to the Central Government

There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Act.

Declaration of Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and SEBI Listing Regulations.

Remuneration policy of the Company

The Board has based on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company. The Remuneration policy is annexed herewith as **Annexure A** to this report. The Remuneration policy of the Company can be accessed on the Company's website at the link https://www.elgi.com/in/policies/remn-policy.pdf.

Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by Price Waterhouse Chartered Accountants LLP, Statutory Auditors.

There are no qualifications, reservations or adverse remarks or disclaimers made by MDS & Associates LLP, Secretarial Auditors in their report.

Particulars of Loans, Guarantees or Investments made under Section 186 of the Act

Details of loans given, investments made, guarantees given and securities provided pursuant to the provisions of Section 186 of the Act have been given in the notes to the Financial Statements.

Particulars of contracts or arrangements with Related Parties

All transactions entered into with related parties as defined under the Act and Regulation 23 of the SEBI Listing Regulations during the financial year 2022-23 were in the ordinary course of business and on an arm's length pricing basis.

The particulars of contract or arrangement entered into with related parties referred to in Section 188(1) of the Act which are material in nature are disclosed in the prescribed Form AOC-2 and annexed herewith as **Annexure B** to this report.

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and the same has been hosted on the Company's website at https://www.elgi.com/in/policies/rpt-policy.pdf.

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties.

Material Changes and commitments affecting the financial position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year as on March 31, 2023, and the date of this report.

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

The information on foreign exchange earnings and outgo, technology absorption, conservation of energy stipulated under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure C**.

Risk Management

Pursuant to the requirement of Regulation 21 of the SEBI Listing Regulations, the Company has constituted a Risk Management Committee ("RMC"), consisting of Board members and senior executive of the Company. The Company has in place a Risk Management framework to identify, evaluate business risks and challenges across the Company both at corporate level as also separately for each subsidiary.

The top 10 risks for the Company have been mapped by the operating management (with additional support of external guidance) after extensive deliberations on the nature of the risk being a gross or a net risk and thereafter in a prioritized manner presented to the Board for their inputs on risk mitigation/management efforts. Based on this framework, a Risk Management policy has been adopted.

The RMC engages in the Risk Management process and has set out a review process so as to report to the Board the progress on the initiatives for the major risks of each of the businesses that the Company is into. The RMC reviews the top 10 risks. The results of the mitigation measures implemented by the Company are given below:

Risk management (Continued...)

S.No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
1	Compliance Risks	The Company's business is subject to legal and regulatory requirements globally; non-compliance could result in severe consequences	The Company had implemented a professional software tool to monitor compliance during FY22. The software has been implemented fully and is working well. We keep updating the tool for any changes in law/new regulations that come into effect.
			Proof of compliance is either being collected or reported by the compliance owners every quarter end. The status is reported to the Audit Committee and Board during their quarterly meetings.
			The process of revisiting the checklist for various entities in rotation is being continued. Further, whenever there is a new entity created in a new geography, we engage a law firm to get the compliance list created within the first year of incorporation.
2	Human Resource Risks	Recruiting and retaining strong talent is key to achieving the Company's aspirations; any gaps in these efforts could impact the achievement of revenue and profitability targets.	The talent acquisition process is getting further strengthened. We have involved global leadership in the new leadership hiring process. The global functional leadership is actively engaged in key regional hiring. We now use outcome-based Job Description for all key roles. The competency behaviour model designed by a leading agency is used in key hiring.
			On the other hand, the Company is also investing well in the Talent development model. The functional head for Organisation development and Talent Management along with Chief Human Resource Officer are driving the talent agenda for the Company. The project titled "Integration of Talent" was kick started in early September 2021 with the intention to align, design and implement Integrated Talent Management Strategy. The objective being "grow talent pool for global success". The first stage of the project consisting of rolling out and training of Behavioural Competency model, culture assessment, Potential Assessment design, Conduct of Development Centres and identification of Individual Development Plan for key talent, succession planning for key positions across the Company have been completed. The next stage would involve assessment against the Individual development plan, career dialogue with the identified successor and key talent (as part of succession planning initiative).
			Besides the Company's continued focus on understanding market compensation, the Company has also made a significant change in the annual compensation revision process. The Company has moved to a decentralized compensation decision mechanism (instead of HR managing this centrally). The businesses and functions have been given autonomy to recommend and decide on compensation increases for their teams, basis broad corporate guidelines. The intent is to bring ownership in the managers for their people, drive and reward performance. This is also an important enabler to the talent management program, as the Company's managers become more aware and start investing in their human resources at a strategic level.
3	Economic & Market Risks	Our global operations are subject to economic and market risks in the geographies we operate in.	The Company's geographically diversified presence helped it deliver top line growth and improved profitability during and after the Covid period. The Company was able to leverage and cross deploy resources to manage shifting demands.
			The risk mitigation efforts, supported through serving broad range of industry segments, is serving the Company well.
4	Growth Risks	Acquisitions, joint ventures and investments could be unsuccessful or consume management time and resources, which could adversely affect our operating results	The Company has not made any acquisitions during the year. As a standard practice, detailed due diligence is performed with the help of external experts in the legal, financial and tax areas to fully understand and factor the risks in both making a decision on the deals as well as arriving at the acquisition price. Integration is given adequate weightage whenever there is an acquisition and handled sensitively.

Risk management (Continued...)

S.No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
5	Strategic Risks	Business continuity could be severely affected due to natural disasters or unexpected events like COVID 19 pandemic	Insurance policies commensurate with business requirements have been taken by the Company. These policies are periodically reviewed to strengthen the scope as required.
			The Company has a disaster management plan in place and continues to refine it regularly to meet the changing requirements.
6	Supply Chain Risks	Disruptions in supplies due to concentration of manufacturing facilities in a single location and reliance on one or few suppliers present risks to business stability	The Company continues to explore responses to manufacturing concentration including strategic stocking in various parts of India and rest of the world in the short to mid-term and is planning to have assembly operations in global regions in the mid to long-term.
			The Company had rolled out an initiative "Cost Optimisation in Operations" (COSMOS) by engaging an expert consultant during FY22. The focus is on optimizing material cost and Other variable costs. The economic benefits derived out of the COSMOS project are being reviewed and validated. As a part of this initiative, the supplier base is being critically reviewed and augmented as required. Alternative source of supply is being identified for parts with single source of supply. The process of "COSMOS" is being institutionalised to realise further benefits. A dedicated team who worked on the project continue full time to derive cost savings.
			The supplier base has been widened gradually and dependence on particular suppliers and geographies is also being reduced. Work on developing a global network of suppliers is a continuous activity.
			The Company will continue to carry out strategic, selective backward integration such that manufacture of most critical parts are moved in-house.
7	Information Technology Risks	Cyber security risks could disrupt the Company's technology systems, infrastructure, and networks. Gaps in data protection could result in non-compliance of applicable regulations	Reliability is continuously enhanced by adopting and moving critical systems to the Cloud in a phased manner. Product Lifecycle Management (PLM) platform of the Company was moved to cloud during the year FY 2021-22 as the Company upgraded its PLM.
			Up-to-date technology is deployed to ensure that Emails are scanned and quarantined if risks are detected. Multi- factor authentication has been implemented for minimizing cyber risks due to password hacks.
			Multi-factor authentication has been implemented, including for Virtual Private Network (VPN) to minimize cyber risks due to password hacks.
			The Company is implementing End Point Detection and Response system in a phased manner.
			Security Information and Event Management (SIEM) solution implementation has begun and is being systematically extended to all critical on-premise platforms.
			PAM (Privileged Access Management) for exerting control over the elevated access and permissions for users, accounts, processes, and systems across an IT environment are also being implemented. The Company has obtained ISO 27001 certification for IT Operations and plans to extend this to all critical functions.
			IT security audits are performed annually to assess the vulnerabilities in the existing systems. The Company is exploring the possibility to move to half-yearly audit besides deploying intelligent security monitoring tools. Global Data privacy policy to comply with General Data Protection Requirements (GDPR) of Europe and other applicable privacy laws in various jurisdictions is also in the pipeline.
			The Company is moving into quarterly Vulnerability Assessment and Penetration Testing (VAPT) audit. The Company is evaluating various potential security issues and the solutions available to detect and mitigate them.

Risk management (Continued...)

S.No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
8	Financial Risks	Exchange rate fluctuations in the various currencies that Company deals in could adversely affect the Company's financial performance	To minimize fluctuation risks, the Company has a strong hedging process and has a policy in place, besides leveraging the natural hedge that is available. The Company also continuously monitors the exchange rates relevant for its geographies and takes suitable actions to offset adverse changes by adjusting selling prices and costs. During the year, the Company has not had any major impact.
			The Company continues to work with its bankers to understand the regulatory changes in the banking system with reference to managing exchange risks and leverage them suitably.
			This is a continuous process and our good relationship with the financing banks help us get timely advice on this front.
9	Environmental Risks	Global climate change and related regulations can negatively impact our business	The Company focuses heavily on Electric Powered Screw Air Compressors (EPSAC) and Oil Free Screw Air Compressors (OFSAC) for its future growth, gradually reducing the dependence on Diesel Powered Screw Air Compressors (DPSAC) in its overall portfolio. Environmental factors and regulatory changes taking place globally are closely monitored to effect appropriate actions to align the Company's products with these requirements.
			The Company has embarked on a major Environmental, Social & Governance (ESG) initiative, not only to satisfy regulatory requirements that come into force from FY 2022-23 but also as a sincere corporate citizen looking to contribute to a better environment for all. In this connection, the Company will focus on the "E" portion of ESG more emphatically. We have formed a team of cross functional leaders with passion for ESG who have started work on this. The ESG strategy was defined basis a comprehensive materiality survey, maturity assessment and compliance requirements. We have engaged a leading consultant partner to help us in this journey.
			The Company's operations are constantly upgraded to adopt green manufacturing practices.
10	Strategic Risks	The Company's large dependence on India makes it susceptible to the economic fortunes of a single geography	The Company believes that the revenue mix is now well spread across geographies so as to reduce dependence on India.
			In addition, our strategic plan and consequent measures taken on reducing concentration of domestic sales vis-à-vis total sales is moving in the right direction. India sales to total sales has gone down to 43%, compared to 56% in 2019. It is expected to go further down in the coming years.
			The Company's strategic plan for the mid-term and the strategic initiatives are aligned to this goal to diversify the revenue mix.

Corporate Social Responsibility Initiatives

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 are set out as **Annexure D** to this report in the format prescribed in the Companies (CSR Policy) Rules, 2014. For other details regarding the CSR Committee, refer to the Corporate Governance Report, which is a part of this report. The policy is available on the website of the Company.

Performance Evaluation of the Board, its Committees and the Directors

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board of Directors has carried out annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report attached as an Annexure to this report.

Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the Independent Directors

The Board of Directors have evaluated the Independent Directors during the year 2022-23 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

Directors and Key Managerial Personnel

Mr. Harjeet Singh Wahan, Director retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. Your directors recommend his re-appointment.

A resolution seeking approval of the Members for the re-appointment of Mr. Harjeet Singh Wahan as Director have been incorporated in the Notice to the AGM of the Company along with brief details about him.

Pursuant to the provisions of Section 2(51) and 203 of the Act, the Key Managerial Personnel of the Company are Mr. Jairam Varadaraj, Managing Director, Mr. Jayakanthan R, Chief Financial Officer and Mr. S Prakash, Company Secretary.

Subsidiaries, Joint Ventures and Associate Companies

The highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company during the period review have been disclosed in the Management Discussion and Analysis Report.

The Company has 26 subsidiaries and 9 joint ventures/ associate entities. The statement pursuant to Section 129(3) of the Act, containing the salient features of the financial statements of subsidiary companies, in Form AOC-1 forms part of this Annual report.

Elgi Compressors Vietnam LLC, a wholly owned subsidiary of the Company was incorporated during the year. During the year under review, CS Industrial Services LLC, USA, a joint venture company was formed by Elgi Compressors USA Inc., a wholly owned subsidiary of the Company.

Elgi Compressors USA Inc., Elgi Compressors Europe S.R.L and Patton's Inc., are the material subsidiaries of the Company based on the financials for the year ended March 31, 2023. The Board has approved a policy for determining material subsidiaries, which has been uploaded on the Company's website viz. www.elgi.com.

The consolidated financial statements of the Company and its subsidiaries prepared in accordance with the applicable accounting standards have been annexed to the Annual Report. The annual accounts of the subsidiary companies are hosted on the website of the Company viz. www.elgi.com and will also be kept open for inspection by the shareholders at the registered office of the Company till the date of AGM. The Company will also provide a copy of the annual accounts of subsidiary companies to the shareholders upon their request.

Deposits

Your Company has not accepted any deposit within the meaning of provisions of Chapter V of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2023.

Details of significant and material orders passed by the Regulators or Courts or Tribunals

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Internal Control Systems and their Adequacy

The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit Committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The Committee reviews the statutory auditors' report, key issues, significant processes, and accounting policies. The Directors confirm that the Internal Financial Controls are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3) (i) of the Act certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

Statutory Auditors

Price Waterhouse Chartered Accountants, LLP (Firm Reg. No.: 012754N/N500016) Chartered Accountants, Chennai was appointed as the Statutory Auditors of the Company for a second term of five years at the Sixty Second AGM of the Company held on August 12, 2022, till the conclusion of the sixty seventh AGM to be held in the year 2027.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed MDS & Associates LLP, (Firm Unique Code: L2023TN013500) Company Secretaries, Coimbatore to undertake the secretarial audit of the Company. The report of the secretarial auditor is attached as **Annexure E.**

Cost Auditors

Pursuant to the provisions of Section 148(3) of the Act, the Board of Directors had appointed STR & Associates, Cost Accountants, Trichy (Firm Registration No.: 000029), as Cost Auditors of the Company, for conducting the audit of cost records for the financial year ended March 31, 2023. The Audit is in progress and report will be filed with the Ministry of Corporate Affairs within the prescribed period.

The cost accounts and records as specified by the Central Government under sub-section (1) of Section 148 of the Act, are made and maintained by the Company.

Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year

No applications have been made and no proceedings are pending against the Company under the Insolvency and Bankruptcy Code, 2016.

Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof

The disclosure under this clause is not applicable as the Company has not undertaken any one-time settlement with the banks or financial institutions.

Human Resources and Industrial Relations

The Company continues to enjoy cordial relationship with its employees at all levels. The total strength of employees as on March 31, 2023, was 1,258.

Particulars of Employees

In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of the top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report as **Annexure F**. Disclosures relating to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report.

Having regard to the provisions of the second proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such information may write to the Company Secretary.

Elgi Equipments Limited Employee Stock Option Plan, 2019

The Company has implemented the Elgi Equipments Limited Employee Stock Option Plan 2019 to enable the Company and its subsidiaries to attract, retain and reward appropriate human talent in its employment and to create a sense of ownership and participation amongst the employees. The Compensation Committee administers and monitors the Employees' Stock Option Plan of the Company through the Elgi Equipments Limited Employee Stock Option Trust. The Compensation Committee has during the year under review issued 152,600 options at a grant price of ₹ 450/- per option to the eligible employees of the Company. No options were granted to the Directors.

The disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 is given as **Annexure G** to this report.

The Company has received a Certificate from the Secretarial Auditors that the above referred Scheme had been implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolutions passed by the members in this regard.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, your Company has constituted an Internal Complaints Committee. During the year under review, one case was received/filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The same was resolved during the year. As on March 31, 2023, no complaint is pending for investigation and resolution.

Business Responsibility and Sustainability Report

In terms of Regulation 34 of the SEBI Listing Regulations, read with relevant SEBI Circulars, new reporting requirements on ESG parameters were prescribed under Business Responsibility and Sustainability Report ("BRSR"). The BRSR seeks disclosure on the performance of the Company against nine principles of the "National Guidelines on Responsible Business Conduct' ('NGRBCs'). As per the SEBI Circulars, effective from the financial year 2022-23, filing of BRSR is mandatory for the top 1000 listed companies by market capitalisation. Accordingly, for the financial year ended March 31, 2023, your Company being amongst top 1000 companies, BRSR is annexed as **Annexure H** to this Report.

Corporate Governance

A report on corporate governance is annexed as **Annexure I** to this report. The Company has complied with the conditions relating to corporate governance as stipulated in SEBI Listing Regulations.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of Section 177(9) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulations 4 and 22 of the SEBI Listing Regulations and in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has a Whistle Blower policy to deal with unethical or improper practice or violation of Company's Code of Business Conduct or any complaints regarding accounting, auditing, internal controls or disclosure practices of the Company.

This Policy inter-alia provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee. Brief details about the policy are provided in the Corporate Governance Report attached to this Report.

The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. The Whistle Blower policy is available on the website of the Company at the link https://www.elgi.com/in/policies/wb-policy.pdf.

Acknowledgement

Your Directors thank the shareholders, customers, suppliers, bankers and all other stakeholders for their continued support during the year. Your Directors also place on record their appreciation of the contributions made by employees at all levels towards the growth of the Company.

For and on behalf of the Board

	Jairam Varadaraj	**N Mohan Nambiar**
Place: Coimbatore	Managing Director	Director
Date: May 19, 2023	DIN: 00003361	DIN: 00003660

Annexure A

Remuneration Policy

The Board of Directors (the "Board") of Elgi Equipments Limited (the "Company"), upon recommendations of the Remuneration Committee, has adopted the following policy and procedures with regard to remuneration of the Board members, Key Managerial Personnel, Senior Management and Employees as below. The Board may review and amend this policy from time to time. This Policy will be applicable to the Company effective October 1, 2014.

1. Background

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining competent personnel to manage and grow its business. In the policy, the following terms are defined as below: -

"Board" means the Board of Directors of the Company.

"Company" means Elgi Equipments Limited, India.

"Directors" means the Directors on the Board of the Company, including the Managing Director, Independent Directors and Non-Executive Directors.

"Employees" means all other Employees of the Company.

"Independent Directors" shall carry the same meaning as in The Companies Act, 2013 and the listing agreement that the Company has signed with the stock exchanges.

"Key Managerial Personnel" means the Managing Director, Chief Financial Officer and Company Secretary of the Company.

"Managing Director" means the person designated as such by the Board and shareholders of the Company and who has substantial powers of management of the Company.

"Nomination and Remuneration Committee" means a committee constituted amongst Board members as per the Companies Act, 2013 and the listing agreement that the Company has signed with the stock exchanges.

"Senior Management" means the senior managerial personnel directly reporting to the Managing Director and includes all persons in M5 cadre of the Company.

2. Objective

The objectives of this policy are:

a. To create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company aimed at attracting, retaining and motivating people of the quality required to run the Company successfully;

b. Encourage people to perform to their highest level of competence;

c. Allow the Company to compete in each relevant employment market;

d. To ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

e. Provide consistency in remuneration involving a balance between fixed and performance based remuneration throughout the Company; and

f. Align the performance of the business with the performance of the Board, Key Managerial Personnel, Senior Management and other Employees within the Company.

The policy details the types of remuneration to be offered by the Company and factors to be considered by the Board on the basis of recommendations of the Nomination and Remuneration Committee in determining the appropriate remuneration for the Board, Key Managerial Personnel, Senior Management and all other Employees.

3. Contract

(i) The Managing Director, Independent Directors, Key Managerial Personnel, Senior Management and all other Employees will be provided a letter of appointment. This letter of appointment will set out the terms and conditions of the engagement, responsibilities for the role and the remuneration package. Independent Directors and other Non-Executive Directors are currently paid only sitting fees as remuneration. However, depending on the evolution of business and added responsibilities, the Nomination and Remuneration Committee may recommend to the Board for an increase in their remuneration package, subject to final approval of the shareholders. The Managing Director's remuneration will be approved by the Board as well as the shareholders.

(ii) The Nomination and Remuneration Committee and the Board must approve all contracts for the Managing Director and Independent Directors. The Nomination and Remuneration Committee shall also formulate a criteria for determining the qualifications, positive attributes and independence of a Director while the Head-Human Resources of the Company will be responsible for formulating a criteria for all other Employees.

4. Forms of Remuneration

With the assistance of the Nomination and Remuneration Committee, the Board will approve the forms of remuneration to be offered to the Board members, Key Managerial Personnel, Senior Management and all other Employees, which may include:

a. Fixed Remuneration

The Board in consultation with the Nomination and Remuneration Committee and the Head-Human Resources, will from time to time determine the fixed remuneration level for each of the above categories. Such remuneration levels will be determined according to the role and responsibilities, job size, industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

b. Performance Based Remuneration

In addition to fixed remuneration, the Company will implement a system of performance pay for select categories designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets for the concerned individuals and of the Company, which will be communicated to all concerned regularly.

c. Equity Based Remuneration

To motivate Executives and the Management to pursue the long-term growth and success of the Company, the Company may grant equity based remuneration to the Board members, Key Managerial Personnel, Senior Management and all other Employees from time to time. In any case, Independent Directors will not be entitled to stock options.

d. Joining Bonuses and Termination payments

In rare cases, the letters of appointment/employment contract may set out in advance the entitlement to a bonus or other payment upon joining employment or upon termination of employment in respect of Key Managerial Personnel, Senior Management or other Employees. The Head-Human Resources is authorised to decide on the same in consultation with the Managing Director.

e. Employees Entitlements

The Company will comply with all legal obligations in determining the appropriate entitlement to salary advance, long service, annual, personal and parental leave. The Head-Human Resources, may in consultation with the Managing Director, introduce/provide on certain conditions, appropriate interest free salary advances, housing loan benefits, credit card policy, city grade allowance policy, death & PTD benefits policy, data card policy, Employees referral policy, transfer expenses policy, family meet allowance policy, mediclaim policy, personal accident benefit policy, superannuation scheme, increment policy, laptop policy, mobile phone policy, subsidized canteen policy, suggestions and rewards policy and any other similar policies aimed at motivating and encouraging the Key Managerial Personnel, Senior Management and other Employees to perform better.

5 . Review

a. Performance Appraisal

The Managing Director will conduct annual performance appraisals for all Key Managerial Personnel other than himself, and Senior Management to monitor and review the appropriateness of each remuneration package. The Nomination and Remuneration Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors while the performance evaluation as such of the Independent Directors shall be done by the entire Board (excluding the Director being evaluated). The Independent Directors, in their separate meeting, shall review the performance of non- independent directors and the Board as a whole. The Head-Human Resources along with the respective department heads will be responsible for conducting annual performance appraisals for all other Employees.

b. Board

The Board will be responsible for approving the remuneration strategy for the Board (subject to approval of shareholders wherever and whenever necessary), Key Managerial Personnel, Senior Management and other Employees. In determining whether to approve the relevant level of remuneration, the Board will consider the recommendations from the Nomination and Remuneration Committee, prevailing market conditions, performance by the individual and the business strategies and objectives of the Company. The Board will review the contents of, and compliance with, this Policy on an annual basis.

c. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for the monitoring, implementation and review of this policy. The Nomination and Remuneration Committee will provide recommendations to the Board as to how to effectively structure and facilitate a remuneration strategy, which will meet the needs of the Company.

d. Monitoring the Policy

The Head-Human Resources of the Company will monitor the day to day compliance with this policy.

6. Disclosure & Deviation

The Company will disclose this remuneration policy in its Annual Report. To the extent permitted under applicable law, the Board may deviate from this policy in individual cases, if justified by extraordinary and exceptional circumstances.

Annexure B

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act including certain arm's length transactions under third proviso thereto.

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

Not Applicable

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

a)	Name of the related party	Mr. Anvar Jay Varadaraj
	Nature of relationship	Mr. Anvar Jay Varadaraj is the son of Mr. Jairam Varadaraj, Managing Director and part of the promoter group of the Company.
b)	Nature of contracts/ arrangements/transactions	Mr. Anvar Jay Varadaraj was appointed as Product Marketing Manager, in Elgi Compressors USA Inc, wholly owned subsidiary of the Company with effect from August 20, 2018
c)	Duration of the contracts/ arrangements/transactions	Mr. Anvar Jay Varadaraj was appointed with effect from August 20, 2018
d)	Salient terms of the contracts or arrangements or transactions including the value, if any;	Mr. Anvar Jay Varadaraj was appointed on the following remuneration: –Remuneration: Not Exceeding US$ 150,000 per annum –Bonus potential: 10% –Housing expense at approx. US$ 2000 pm The transaction is proposed to be carried out as a part of the business requirements of the Company and at arm's length basis.
e)	Date(s) of approval by the Board, if any.	May 28, 2018
f)	Amount paid as advances, if any.	Nil

For and on behalf of the Board

Place: Coimbatore
Date: May 19, 2023

Jairam Varadaraj
Managing Director
DIN: 00003361

N Mohan Nambiar
Director
DIN: 00003660

Annexure C

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo [Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

I. Steps taken for conservation of energy for all manufacturing plants:

During the year, the Company experienced a positive impact by way of reduction in "Power to Sale ratio" from 1.38 % to 1.12 % for all manufacturing plants irrespective of power cost. The maximum demand cost increased by 6% from September 2022 onwards.

Various Energy Management Programs (EnMPs) were executed during the year by identifying the energy gaps and opportunities and by using a systematic approach to analyse the energy consumption pattern through an Internet of Things ("IoT") device for online monitoring system. The following were the measures that were taken to optimize the energy consumption:

i. As a part of the green manufacturing initiative, we participated in a group captive solar power plant special purpose vehicle ("SPV") through equity participation as per norms for drawing 4 MW capacity of Solar power. The plant started generating solar power which increased the share of renewable energy from 12% to 40% of the total energy consumption in all the Company's manufacturing plants from December 2022 onwards. This could also result in cost savings of ₹ 12 mn per year.

ii. We normalised and revised the energy consumption target by carrying out certain changes to the manufacturing process changes. This year, Airend manufacturing energy reduced from 345 kWh/ Airend to 340 kWh/Airend by implementing EnMP as mentioned below:

- Energy efficient motors (standard to IE3) were installed in cooling circuits of Thread grinding machines.
- Energy efficient lighting in machines shop, Air end assembly lines and office area.

iii. At the foundry, energy consumption for manufacture of castings reduced from 1748 kwh/ton to 1742 kWh/ ton through implementation of energy efficient lightings and by implementing recommendations from an air audit that was conducted.

iv. LPG consumption in foundry Mould Drying Oven reduced by 3.7% through installation of a Fuel Catalyst.

v. Mechanical generators (160 KW and 250 KW) were utilized to test air compressors for 60 Hz suited for the US market at the testing facilities of Assembly lines in Large Electric Powered Screw Air Compressors ("LEPSAC") and Oil Free Screw Air Compressors ("OFSAC"). This could result in savings of 36000 Litres of High-speed diesel per year.

vi. Air-conditioner units were upgraded with 3 and 4 star rating with inverter type machines.

vii. Capacity of Air compressor was optimized through energy audit in the motor plant in Arasur. Air compressor replaced from a capacity of 22 KW to 10 KW at the motor plant.

viii. Capacity of Air compressor was optimized through energy audit at Singanallur factory. Air compressor replaced from 37 KW to 22 KW.

ix. After resizing, energy savings through the Air compressor energy is 70000 Kwh/Year.

x. We installed Energy efficient lighting in air compressor assembly lines and office area at the Singanallur factory.

xi. Energy efficient lighting were installed in assembly lines of Pressure vessels and Motor divisions.

xii. With all the above said initiatives, Carbon emissions have reduced from 900 Kg Co2/Mn of Sale to 470 Kg Co2/Mn in all the plants.

II. Steps taken by the Company for utilizing alternate sources of energy:

At present, the Company's power sources from windmills and Solar Plant contribute 40% of the total energy consumption

III. Capital investment on energy conservation equipment

₹ 18 million was spent during the year towards the group captive Solar Power Plant and other energy saving measures.

B. Technology Absorption:

I. Efforts made towards technology absorption

- Neuron-III add Neuron-IV controllers' hardware have been upgraded to enhance reliability under extended operating conditions.
- The new configuration in software and hardware in Neuron-IV also enhances the number of languages that can be employed and the overall experience of customer.
- Development and Installation of a software to interface between VFD's of various manufacturers and the compressor controllers.
- Air~Alert, the IoT device to continuously monitor and predict the performance of the compressors globally, is deployed across regions in large numbers for enhancing the customer experience and benefits.

II. Benefits derived like product improvement, cost reduction, product development or import substitution

Focus for the year was on energy efficiency & cost optimization as always; the work was also extended to expanding the range and incorporation of region-specific features to handle challenging environmental factors and associated needs which the Company believes will attract many more global customers and adds to our strength in progressing towards our aspiration.

The following activities were carried out during the year:-

- Designed and developed an energy efficient oil flooded version of EG75 premium compressor models for all countries.
- Designed and developed an energy efficient oil flooded version from EG90, EG110, EG132 & EG160 for all countries.
- Design and developed an energy efficient oil flooded version in 11, 15, 18, 22, 30, 37, 45 kW with permanent magnet synchronous motor, intelligent thermal management system and advanced Neuron IV control system for all countries.
- Designed and developed an integrated heat recovery system in oil flooded version in 55, 75, 90, 110, 132, 160, 200 & 250 kW suitable for all countries.
- Designed and released a new EQ series cost optimized version EQ11, EQ15, EQ18, EQ22 for tier-2 market segment across all country variants. This EQ series also has additional features like integrated VFD, external dryer and tank mounted option.
- Designed and released an energy efficient version in oil free water-cooled screw air compressor segment in OF90, OF110, OF132, OF145, OF160 models for all countries.
- Designed and released oil free water-cooled screw air compressors in OF90, OF110, OF132, OF145, OF160 with additional features like Heat Recovery system (Internal & External), Outdoor Protection Kit, NEMA4 compliant panels for all countries.
- Designed and released additional features like outdoor protection kit, NEMA4 compliant panels in AB series oil free screw air compressor from AB11, AB15, AB18, AB22, AB30, AB37, AB45, AB55, AB75, AB90, AB110 across all countries.
- Designed and released AB series oil free screw air compressor from AB11, AB15, AB18, AB22, AB30, AB37, AB45, AB55, AB75, AB90, AB110 into the Canadian market as part of range expansion.
- Designed and developed electronic (Neuron IV) controller for EPSAC, OFSAC & OFD compressor packages to monitor and control function of compressors. This feature enhances the compressor user interface through touch screen.
- Designed and developed two stage PG1300-COMBO diesel engine driven rotary air compressors for water-well higher depth application.
- Designed and developed an electric portable version of compressor of PG110E & PG132E trolley for Construction and Mining (C&M) applications.
- Designed and developed reciprocating direct drive oil lubricated railway compressors (RR 10 100 & RR 15 100) for Metro/EMU & DMU braking applications.
- Designed and developed a reciprocating direct drive oil lubricated compressors (Simplex-3,5&7.5HP, Duplex-10&15HP) for the European market.
- Several other projects meeting global requirements are on the verge of completion and will be effective from first to second quarter in the coming year 2023-24.

III. Information regarding imported technology (imported during the last three years reckoned from the beginning of the financial year)

NIL

IV. Expenditure incurred on Research & Development:

(₹ in Million)

Expenditure on R&D	2022-23	2021-22
Capital	23.35	19.25
Revenue	301.47	309.10
Total	324.82	328.35
R&D Expenditure as a percentage on turnover	1.85%	2.07%

C. Foreign Exchange Earnings and Outgo

Earnings in foreign currency and expenditure incurred in foreign currency amounts to ₹ 5,430.02 mn and ₹ 2,258.54 mn respectively.

For and on behalf of the Board

Place: Coimbatore
Date: May 19, 2023

Jairam Varadaraj
Managing Director
DIN: 00003361

N Mohan Nambiar
Director
DIN: 00003660

Annexure D

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company

The Company has been engaged in Education and Community development projects in and around Coimbatore for a number of decades. The Company has been contributing for treatment in cancer affected children through Cankids Kids, a registered charitable national society. The Company has always contributed its might to enhancing societal sustainability along with economic and environment sustainability. The Company's CSR Policy and programs are directed mainly towards education. The Company through Registered Trusts supports a school financially as well as through involvement in its Management and Administration. Apart from education, Company's CSR Policy is also to promote gender equality, women empowerment, environmental sustainability, protection of national heritage, music, drama, dance, sports, fine arts, helping Widows, aged persons, physically and mentally challenged persons and rural development projects. The Company was and continues to be one of the primary sponsors of the Coimbatore Marathon event.

2. Composition of CSR Committee

The CSR Committee of the Board of Directors comprises of the following members:

S. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Jairam Varadaraj	Managing Director (Chairman of the Committee)	2	2
2	Mr. B Vijayakumar	Non-Executive Independent Director (Member)	2	-
3	Ms. Aruna Thangaraj	Non-Executive Independent Director (Member)	2	2

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

Composition of the CSR Committee: "Company Leadership | Elgi Equipments Ltd"

CSR Policy: "https://www.elgi.com/in/policies/csr-policy.pdf"

CSR Projects: "ELGi Cares | Corporate Social Responsibility"

4. Executive summary along with web-links of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

The Company has not carried out Impact assessment of CSR projects in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as the same is not applicable to the Company.

5. (a) Average Net Profit of the Company as per Section 135(5): ₹ 1595.24 Million

(b) Two percent of average net profit of the Company as per section 135(5): ₹ 31.90 Million

(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 [(5b)+(5c)-(5d)]: ₹ 31.90 Million

6. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

Details of CSR amount spent against ongoing projects and other than ongoing projects for the financial year:

a. **Amount spent on ongoing projects:** Nil (Amount allocated is ₹ 26.61 million for the current financial year)

b. **Amount spent on other than ongoing projects:** ₹ 5.29 million

c. **Amount spent in Administrative Overheads:** Nil

d. **Amount spent on Impact Assessment, if applicable:** Nil

e. **Total amount spent for the Financial Year ((6a+6b+6c):** ₹ 5.29 Million

f. **CSR amount spent or unspent for the financial year:**

(₹ in Mn)

Total amount spent for the Financial Year (₹ in Mn)	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹ in Mn)	Date of transfer	Name of the Fund	Amount	Date of transfer
5.29	26.61	April 24, 2023	-	-	-

g. **Excess Amount for set off, if any:**

S.No.	Particular	Amount (in ₹ Mn)
(i)	Two percent of average net profit of the Company as per section 135(5)	31.90
(ii)	Total amount spent for the Financial Year	5.29
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(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)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years

S.No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (₹ in Mn.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (₹ in Mn.)	Amount Spent in the Financial Year (₹ in Mn.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (₹ in Mn.)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2021-22	24.06	9.06	15.00	-	-	9.06	-
2	2020-21	-	-	-	-	-	-	-
3	2019-20	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Reason if the Company has failed to spend 2% of the average net profits as per section 135(5): Not applicable

For and on behalf of the Board

Jairam Varadaraj
Managing Director and
Chairman of CSR Committee
DIN: 00003361

N Mohan Nambiar
Director
DIN: 00003660

Place: Coimbatore
Date: May 19, 2023

Annexure E

Form No. MR-3
Secretarial Audit Report
For the financial year ended 31st March 2023

[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 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members,
ELGI EQUIPMENTS LIMITED
(CIN: L29120TZ1960PLC000351)
Elgi Industrial Complex III,
Trichy Road, Singanallur,
Coimbatore – 641 005

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. ELGI EQUIPMENTS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. ELGI EQUIPMENTS LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March 2023,** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March 2023 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder.

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.

iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder.

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment.

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

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

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

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

   d. 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

   e. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and

   f. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

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

a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI)

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

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations and Standards etc., mentioned above.

We further report that, during the year under review, there were no actions/events in pursuance of the following Rules/Regulations requiring compliance thereof by the Company:

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and

d. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021

We further report that based on the information provided by the Company, its officers and authorized representatives, there are no laws specifically applicable to the Company.

We further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditors and other designated professionals.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that during the period under review, the Compensation Committee has, in accordance with the provisions of Elgi Equipments Limited Employee Stock Option Plan 2019 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, granted 1,52,600 options to the employees of the Company and its subsidiaries on 24th September 2022.

We further report that during the year under review, the Company has obtained the approval of BSE Limited and National Stock Exchange of India Limited on 6th July 2022 for re-classification of Mr. Uday Balaji, Mrs. Vanitha Mohan, Mrs. Gayathri Balaji, Mr. Viren Mohan and Mr. Vinay Balaji from "Promoter Group" category to "Public" category pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Other than the above, there were no instances of

- Public/Rights/Preferential issue of shares/debentures/sweat equity.
- Redemption/buy-back of securities.
- Major decision taken by the members pursuant to Section 180 of the Companies Act, 2013.
- Merger/amalgamation/reconstruction etc.
- Foreign technical collaborations.

For MDS & Associates LLP
Company Secretaries

M D SELVARAJ
Managing Partner
FCS No.: 960; C P No.: 411
Peer Review No. 3030/2023
UDIN: F000960E000334007

Place: Coimbatore
Date: May 19, 2023

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

'Annexure A'

Annexure to Secretarial Audit Report Issued by Company Secretary in Practice

To

The Members,
ELGI EQUIPMENTS LIMITED
(CIN: L29120TZ1960PLC000351)
Elgi Industrial Complex III,
Trichy Road, Singanallur,
Coimbatore – 641 005

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on random test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MDS & Associates LLP
Company Secretaries

M D SELVARAJ
Managing Partner
FCS No.: 960; C P No.: 411
Peer Review No. 3030/2023
UDIN: F000960E000334007

Place: Coimbatore
Date: May 19, 2023

Annexure F

Statement pursuant to Section 197(12) of The Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Particulars pursuant to Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and percentage increase of each Director, MD, ED, CFO and Company Secretary in the financial year:

S.No.	Name of Director	Ratio to median remuneration	% increase in remuneration in the financial year
1	Mr. Jairam Varadaraj, Managing Director	24.04	15.87
2	Mr. Sudarsan Varadaraj, Director	0.10	(25.00)
3	Mr. M Ramprasad, Director	0.35	(29.55)
4	Dr. Ganesh Devaraj, Director	0.39	(22.73)
5	Mr. B Vijayakumar, Director	0.03	(72.73)
6	Mr. N Mohan Nambiar, Director	0.34	-
7	Ms. Aruna Thangaraj, Director	0.40	(18.60)
8	Mr. Harjeet Singh Wahan, Director	0.32	(83.91)
9	Mr. Anvar Jay Varadaraj, Executive Director#	5.29	NA
10	Mr. Jayakanthan R, Chief Financial Officer	-	156.68
11	Mr. S Prakash, Company Secretary*	-	NA

Appointed as an Executive Director w.e.f. August 2, 2021, and hence comparable figures have not been provided.

* Appointed w.e.f. August 3, 2021, and hence comparable figures have not been provided.

b) The median remuneration for the year 2022-23 is ₹ 8,75,796/-

c) The percentage increase in the median remuneration of employees in the financial year: 17.27%

d) The number of permanent employees on the rolls of Company: 1,258

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase in remuneration is 17.27% for Employees and Managerial Personnel.

f) Affirmation that the remuneration is as per the remuneration policy of the Company:

Your Directors affirm that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board

	Jairam Varadaraj	**N Mohan Nambiar**
Place: Coimbatore	Managing Director	Director
Date: May 19, 2023	DIN: 00003361	DIN: 00003660

Annexure G

Disclosures in compliance with Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

1. Disclosure in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI:

The same has been disclosed in the notes to the financial statements which forms part of this Annual Report.

2. Material Changes in the Scheme:

No material change has been carried out during the financial year under review.

3. Diluted EPS on issue of shares pursuant to ESOP:

Not applicable as the Company does not propose to undertake a fresh issue of equity shares under the ESOP Plan.

4. Details related to Employee Stock Option Scheme (ESOP)

i. A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOP, including:

Particulars	Details
Date of shareholders' approval	January 31, 2020
Total number of options approved under ESOP	31,69,090 (1% of paid-up capital)
Vesting requirements	The options granted shall have a vesting period of not more than 3 years from the date of grant and all options granted shall vest as per the vesting schedule specified in the Grant Letter. The vesting of options shall be subject to the fulfilment of the terms and conditions mentioned in the Grant Letter.
Exercise price or pricing formula	a. The Company had issued options at a grant price of ₹ 200.05 per equity share during the financial year 2019-20. During the financial year 2020-21, the Company issued bonus shares to its shareholders in the ratio of 1:1 and the benefit of the bonus issue was passed on to the eligible employees in terms of the ESOP scheme, resulting in the grant price being modified to ₹ 100.03/-. The total number of options is 3,07,600. b. The Company had granted 4,74,300 options at a grant price of ₹ 225/- per equity share during the financial year 2021-22. c. The Company had granted 1,52,600 options at a grant price of ₹ 450/- per equity share during the financial year 2022-23.
Maximum term of options granted	The maximum term of options granted will be for a period of 3 years.
Source of shares	Secondary Acquisition
Variation in terms of options	There has been no variation in the terms of the options during the year.

ii. Method used to account for ESOP:

The method used is "Fair value method". The fair value of stock options granted during the period has been measured using the Black Scholes option pricing model at the date of the grant.

iii. Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed:

Not applicable as Fair value method is followed.

iv. Option movement during the year

Particulars	Details
Number of options outstanding at the beginning of the period	7,81,900
Number of options granted during the year	1,52,600
Number of options forfeited/lapsed during the year	2,87,500
Number of options vested during the year	1,95,600
Number of options exercised during the year	1,25,000
Number of shares arising as a result of exercise of options	1,25,000
Money realized by exercise of options (INR), if scheme is implemented directly by the Company	NA
Loan repaid by the Trust during the year from exercise price received (₹)	NIL
Number of options outstanding at the end of the year	5,22,000
Number of options exercisable at the end of the year	70,600

v. Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock:

Exercise price for options granted during the year: ₹ 450/-.

vi. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted:

S. No.	Name of the Employee	Designation	Number of options granted	Exercise Price (₹)	Date of Vesting
1	Jayakanthan R	Chief Financial Officer	26,500	450	December 22, 2025
2	Ambat Rajesh Premchandran	Director – ISAAME	21,800	450	December 22, 2025
3	Ramesh Ponnuswami	Executive Director – OSEA	16,100	450	December 22, 2025
4	Venu Madhav K	Director – Technology	24,700	450	December 22, 2025
5	Sriram S	Director - Special Projects	25,000	450	December 22, 2025
6	Chris Ringlstetter	President – Europe	13,600	450	December 22, 2025
7	Bheemsingh Melchisedec D	Director – Operations	7,000	450	December 22, 2025
8	Praveen Tiwari	Managing Director – ATS Elgi	17,900	450	December 22, 2025
	TOTAL		**1,52,600**		

S. No.	Category of employees	Details
a.	Senior managerial personnel;	As given in the above table
b.	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	As given in the above table
c.	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL

vii. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information.

a. The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model:

The Black Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, risk free interest rates, and expected term to maturity which incorporate expected early exercise. The key inputs and assumptions used are as follows:

i. Share Price: ₹ 421.45 (share price as on the grant date)

ii. Exercise Price: ₹ 450.00

iii. Expected Volatility: 60.50% (expected volatility was computed by computing the standard deviation of returns on share prices, for a term equal to the residual maturity of the option)

iv. Option Life: 3.125 years (expected life taken as the mid-point between the vesting date and exercise date, which is a period of 3 months)

v. Expected Dividends: The dividend yield of 0.27% is determined based on the latest declared dividend of ₹ 1.15 per share.

vi. Risk free Interest Rate: 7.34%

b. The method used and the assumptions made to incorporate the effects of expected early exercise. None

c. How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility:

Expected Volatility: 60.50% (expected volatility was computed by computing the standard deviation of returns on share prices, for a term equal to the residual maturity of the option)

d. Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition:

The plan does not provide for change in the exercise price based on market conditions. All the features of the plan are considered in the measurement method as explained in (a) above.

5. Details related to Trust

i. General information on all schemes

S. No.	Particulars	Details
1	Name of the Trust	Elgi Equipments Limited Employee Stock Option Trust
2	Details of the Trustee(s)	Mr. B Balakrishnan and Mr. M Ramakrishnan
3	Amount of loan disbursed by Company during the year	Nil
4	Amount of loan outstanding (repayable to Company) as at the end of the year	₹ 11,20,28,250/-
5	Amount of loan, if any, taken from any other source for which Company/any Company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

ii. Brief details of transactions in shares by the Trust

S. No.	Particulars	Details	
a.	Number of shares held at the beginning of the year	6,02,500	
b.	Number of shares acquired during the year through (i) primary issuance	Not applicable	
	(ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Number of shares acquired from the market:	NIL
		% of paid-up equity capital	-
		Weighted average cost of acquisition per share	-
c.	Number of shares transferred to the employees/sold along with the purpose thereof	70,450	
d.	Number of shares held at the end of the year	5,32,050	

iii. In case of secondary acquisition of shares by the Trust

Number of Shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	0.189
Acquired during the year	NIL
Sold during the year	0.022
Transferred to the employees during the year	-
Held at the end of the year	0.167

For and on behalf of the Board

Place: Coimbatore Date: May 19, 2023	**Jairam Varadaraj** Managing Director DIN: 00003361	**N Mohan Nambiar** Director DIN: 00003660

Annexure H

Business Responsibility and Sustainability Report

Section A: General Disclosures

I. Details of the listed entity

1.	**Corporate Identity Number (CIN):**	L29120TZ1960PLC000351
2.	**Name of the Listed Entity:**	ELGI EQUIPMENTS LIMITED
3.	**Year of incorporation:**	1960
4.	**Registered office address:**	Elgi Industrial Complex III Trichy Road, Singanallur Coimbatore -641 005
5.	**Corporate address:**	Elgi Industrial Complex III Trichy Road, Singanallur Coimbatore -641 005
6.	**E-mail id:**	investor@elgi.com
7.	**Telephone:**	0422-2589555
8.	**Website:**	www.elgi.com
9.	**Financial year for which reporting is being done:**	2022-23
10.	**Name of the Stock Exchange(s) where shares are listed:**	BSE Limited and National Stock Exchange of India Ltd
11.	**Paid-up Capital:**	31,69,09,016/-
12.	**Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:**	Mr. Shyam Vasudevan Vice-President, Legal & Secretarial 0422-2589555 E-Mail: shyamv@elgi.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).**	Disclosures made in this report are on a standalone basis and pertain only to Elgi Equipments Limited ("Elgi/Company").

II. Products/services

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

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacture of Air compressors	Electrical equipment, general purpose and special purpose machinery & equipment	100%

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

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Air Compressors	2813 - Manufacture of Compressors	100%

III. Operations

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

Location	Number of plants	Number of offices	Total
National	5	2	7
International	Reported only for standalone entity, i.e, ELGi Equipments Ltd, India		

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	All states in India are served by the Company.
International (No. of Countries)	As the Company is reporting only for standalone India entity, we are not naming any other country, but the Company exports its products to more than 100 countries.

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

30.04%

c. A brief on types of customers

The Air Compressors are used in all manufacturing and process industries heavily in their operations. Therefore, all industrial segments are being served.

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
			EMPLOYEES			
1	Permanent (D)	849	796	94%	53	6%
2	Other than Permanent (E)	-	-	-	-	-
3	**Total employees (D + E)**	849	796	94%	53	6%
			WORKERS			
4	Permanent (F)	409	409	100%	-	-
5	Other than Permanent (G)	79	49	62%	30	38%
6	**Total workers (F + G)**	488	458	94%	30	6%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
			EMPLOYEES			
1	Permanent (D)	-	-	-	-	-
2	Other than Permanent (E)	-	-	-	-	-
3	Total employees (D + E)	-	-	-	-	-
			WORKERS			
4	Permanent (F)	1	1	100%	-	-
5	Other than Permanent (G)	-	-	-	-	-
6	Total workers (F + G)	1	1	100%	-	-

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	9	1	11.11
Key Management Personnel	3	-	-

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	14%	1%	15%	13%	0.5%	13.5%	8%	1%	9%
Permanent Workers	7%	-	7%	5%	-	5%	12%	-	12%

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

21. a. Names of holding/subsidiary/associate companies/joint ventures

S. 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	ELGI GULF FZE	Subsidiary	100	No
2	Elgi Compressors Do Brasil Imp E Exp Ltda	Subsidiary	100	No
3	Elgi Equipments Australia Pty Ltd	Subsidiary	100	No
4	Industrial Air Compressors Pty Ltd	Subsidiary	100	No
5	F.R.Pulford & Son Pty Ltd	Subsidiary	100	No
6	Advanced Air Compressors Pty Ltd	Subsidiary	100	No
7	Elgi Compressors Italy S.R.L	Subsidiary	100	No
8	Rotair SPA	Subsidiary	100	No
9	Elgi Compressors Europe S.R.L	Subsidiary	100	No
10	Elgi Compressors USA Inc	Subsidiary	100	No
11	Pattons Inc	Subsidiary	100	No
12	Pattons Medicals LLC	Subsidiary	100	No
13	PT Elgi Equipments Indonesia	Subsidiary	100	No
14	ATS Elgi Limited	Subsidiary	100	No
15	Adisons Precision Instruments Mfg.Co.Ltd	Subsidiary	100	No
16	Ergo Design Private Limited	Subsidiary	100	No
17	Elgi Compressors Southern Europe SRL	Subsidiary	100	No
18	Michigan Air Solutions LLC	Subsidiary	100	No
19	Elgi Compressors (M) SDN. BHD.	Subsidiary	100	No
20	Elgi Compressors Iberia S.L	Subsidiary	100	No
21	Elgi Compressors Nordics	Subsidiary	100	No
22	Elgi Compressors Eastern Europe SP. Z. O. O.	Subsidiary	100	No
23	Elgi Compressors France SAS	Subsidiary	100	No
24	Elgi Compressors UK and Ireland Limited	Subsidiary	100	No

S. 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)
25	Elgi Gulf Mechanical and Engineering Equipment Trading LLC	Subsidiary*	49	No
26	Pattons Of California LLC	Joint Venture	50	No
27	G3 Compressors LLC	Joint Venture	33.33	No
28	Gentex Air Solutions LLC	Joint Venture	33.33	No
29	Evergreen Compressed Air & Vaccum LLC	Joint Venture	50	No
30	Compressed Air Solutions of Texas LLC	Joint Venture	50	No
31	Pla Holding Company LLC	Joint Venture	50	No
32	CS Industrial Services LLC	Joint Venture	33.33	No
33	Elgi Sauer Compressors Ltd	Joint Venture	26	No
34	Industrial Air Solutions LLP	Associate	50	No
35	Elgi Compressors Vietnam LLC	Subsidiary	100	No

*As per Ind AS

V. CSR Details

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

(ii) Turnover (in ₹): 17,566 Mn

(iii) Net worth (in ₹): 12,220 Mn

VI. Transparency and Disclosures Compliances

23. 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) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 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	No	None			None		
Investors (other than shareholders)	The Company does not have any investors other than shareholders	None			None		
Shareholders	Yes. Complaints received through SEBI SCORES platform and investor mail id of the Company is resolved within the prescribed timelines. www.scores.gov.in/admin	None			None		
Employees and workers	Yes, through the Whistle blowerPolicy. https://www.elgi.com/in/policies/wb-policy.pdf	2	-	-	None		
Customers	Through an intranet portal called "Customer Care Support" specially created for them. Hence, web link cannot be provided.	-	-	There are no open complaints unresolved are of serious nature	-	-	There are no open complaints unresolved are of serious nature
Value Chain Partners	Whistle Blower Policy. https://www.elgi.com/in/policies/wb-policy.pdf	None			None		
Other (please specify)	-						

24. 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

S.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	Resource Neutral Operations	Opportunity	• CO2 emission reduction from 900 Kg Co2/INR Mn of Sale to 650 Kg Co2/INR Mn of Sale • Fresh water reduction from 2.20 KL/INR Mn of Sale to 1.10 KL/INR Mn of Sale	-	Positive Implications
2	Product Stewardship	Opportunity	Foundry waste sand Zero land fill (ZLF)-225 Kg of foundry waste sand generation/Ton of casting used as a Bi-product (Solid blocks, bricks, concrete blocks)	-	Positive implications
3	Stay committed to Human Rights	Opportunity	Human Rights training	Online training to employees on human rights has been completed	Positive implications
4	Aiming for LTIFR -Zero	Opportunity	Lost Time injury frequency rate (LTIFR) LTIFR reduced from 0.27 to Zero	-	Positive implications
5	Equipping employees with the knowledge and skills	Opportunity	Equip the employees with skill sets and competencies all functions covering BC and employees–4 man days per year	-	Positive implications
6	Building a diverse and inclusive workforce	Opportunity	20% women employees in staff category	-	Positive implications
7	Accountability, Ethics & Integrity	Opportunity	• Inclusive ESG Governance • Sustaining an ethical business environment for stakeholders	-	Positive implications

Section B: Management and Process Disclosures

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

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred to as P1-P9 as given below:

P1	Business ethics	Business should conduct and govern themselves with integrity, ethics, transparency, and accountability
P2	Product responsibility	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Wellbeing of employees	Businesses should promote the well-being of all employees, including those in value chain
P4	Stakeholder engagement	Businesses should respect the interests of and be responsive towards all the stakeholders
P5	Human rights	Businesses should respect and promote human rights
P6	Environment	Business should respect, protect, and make efforts to restore the environment
P7	Public policy	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible and transparent manner
P8	CSR	Businesses should support inclusive growth and equitable Development
P9	Customer relations	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	-	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	N	N	N	Y	N	-	Y	N
c. Web Link of the Policies*, if available	*Please see below for details								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Work In Progress								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	N	N	N	N	N	-	N	N
4. Name of the national and international codes/certifications/ labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	For some of the Principles, the Company has international standard certifications such as: • ISO 9001: 2015 • ISO 14001: 2015 • ISO 45001: 2018 • ISO 50001: 2018 • ISO 22000: 2018 • ISO/TS 22163: 2017 • ISO 27001								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	International Product Certifications: • CE Marking for EPSAC models - Europe • ASME for Pressure Tank - USA • SONCAP for All ELGi Products - Nigeria • Module H - PED for Pressure Tank - Europe • SPVD – Pressure tanks - Europe • UL-cUL for Control Panel - USA • DOSH for Pressure Tanks - Malaysia • Module H - PED for casting Tank - Europe • NB for Pressure Tank - USA • AD 2000 - MERKBLAT W0 for Foundry Materials - Europe • ISI for Bore well compressors - India • SOL for All ELGi Products - Kenya/Uganda/Tanzania/Saudi Arabia/ Gabon/Ivory cost • Green product certification - Malaysia • Inmetro certification - Brazil • ISI for motor - India • UKCA								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	-								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	-								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Refer note below #								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Managing Director								
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Jairam Varadaraj, Managing Director								

*** Web Link of the Policies**

	Principle	Policies required under the Principle	Policies available with ELGi
P1	Business should conduct and govern themselves with integrity, ethics, transparency, and accountability	Elgi Code of Business Conduct and Business Ethics Whistle Blower Policy Policy for Determining Materiality of Events Anti-Bribery and Anti-Corruption Policy Anti-Money Laundering Policy Anti-Slavery and Anti-Human Trafficking Statement Integrity Policy Code of Conduct for Employees	Elgi Code of Business Conduct and Business Ethics https://www.elgi.com/in/policies/code-of-conduct.pdf Whistle Blower Policy https://www.elgi.com/in/policies/wb-policy.pdf Policy for Determining Materiality of Events https://www.elgi.com/in/policies/materiality-policy.pdf Supplier code of conduct https://www.elgi.com/in/policies/supplier-code.pdf Policy on Human rights https://www.elgi.com/in/policies/hr-policy.pdf Anti-bribery policy https://www.elgi.com/in/policies/antibribery-policy.pdf
P2	Product responsibility	Energy Policy Quality policy Health, Safety and Environment Policy	Energy Policy https://www.elgi.com/in/policies/energy-policy.pdf Quality policy https://www.elgi.com/in/policies/quality-policy.pdf Health, Safety and Environment Policy https://www.elgi.com/in/policies/hse-policy.pdf
P3	Wellbeing of employees	Whistle Blower Policy Equal Employment Opportunity Policy Employee Loan Policy Employee Health Check up Policy	Whistle Blower Policy https://www.elgi.com/in/policies/wb-policy.pdf Equal Employment Opportunity Policy Employee Loan Policy Employee Health Check up Policy *(Other than first one, other policies are available in the Company's intranet)*
P4	Stakeholder engagement	Corporate Social Responsibility Policy Dividend Policy Elgi Code of Business Conduct and Business Ethics	Corporate Social Responsibility Policy https://www.elgi.com/in/policies/csr-policy.pdf Dividend Policy https://www.elgi.com/in/policies/dividend-policy.pdf Elgi Code of Business Conduct and Business Ethics https://www.elgi.com/in/policies/code-of-conduct.pdf
P5	Human rights	Human Rights Policy Policy against sexual harassment	Human Rights Policy https://www.elgi.com/in/policies/hr-policy.pdf Policy against sexual harassment

	Principle	Policies required under the Principle	Policies available with ELGi
P6	Environment	Health, Safety and Environment Policy Energy Policy Quality Policy	Health, Safety and Environment Policy https://www.elgi.com/in/policies/hse-policy.pdf Energy Policy https://www.elgi.com/in/policies/energy-policy.pdf Quality policy https://www.elgi.com/in/policies/quality-policy.pdf
P7	Public policy		The Company does not directly engage in lobbying or advocacy activities and hence, does not have a specific policy for this purpose.
P8	CSR	Corporate Social Responsibility Policy	The Company's Corporate Social Responsibility policy to the maximum extent possible encompasses activities focused on education and the marginalized and vulnerable sections of the society. The Company contributes to the overall development with a specific focus on disadvantaged, vulnerable and marginalized communities. Corporate Social Responsibility Policy https://www.elgi.com/in/policies/csr-policy.pdf
P9	Customer relations	The Company believes that businesses should engage with customers and provide value in a responsible manner.	The Company has an on-line system of addressing customer complaints that are attended to promptly. The Company has a strong customer care system in place with clear benchmarked targets for on time and reliable resolution with built escalation process. Since the complaints redressal mechanism is an on-going process, the number of complaints at any given point in time may not convey the correct picture. The Company strives to resolve all complaints to the satisfaction of its customers. For a Company of this size, the number of consumer cases are very minimal.

 # ESG goals and targets

Focus Area/Goals	Targets	Initiatives
	Environment	
CO2 emission reduction by 25% in 2027	CO2 emission reduction from 900 Kg Co2/Mn of Sale to 650 Kg Co2/Mn of Sale by 2027	• 4 MW Solar Plant renewable energy will be utilized • 16 HSD forklifts are planned to be replaced with electrical fork lifts • Mechanical Generators are planned to be executed to test the compressors with various volts and Hertz for LEP/OFSAC Compressors • 7 MW Dedicated grid lines are planned to be installed to eliminate the DG Set operations for all manufacturing plants especially for Grid Power cut
Fresh water consumption reduction by 50% in 2027	Fresh water reduction from 2.20 KL/Mn of Sale to 1.10 KL/Mn of Sale	• Increase the share ratio of ground water to third party water, by using more water from government sources • Rain-water harvesting for gardening purpose • ETP treated water usage in gardening • Rain-water harvesting water can be filtered and used for internal application of 17500 KL/year which contributes 50% reduction of intake third party water • Application of water efficient aerators in conventional taps • Implementation of dish washers • Increasing the rain-water harvesting storage
Lead a technology driven transformation	Technology Product Innovation Availability of HFO based dryers in ELGi product range by 2030 Enhancement of existing products	• Continual product improvements to reduce lifecycle cost • Increase in life of oil filter by 2X • All manufacturing plants are certified for ISO 14024:2018 Standards (Green product certification)
Foundry waste sand Zero land fill (ZLF)	Waste Recycle-Foundry Waste Sand 225 Kg of foundry waste sand generation/Ton of casting used as a Bi-product (Solid blocks, bricks, concrete blocks)	• Sustain the efforts of brick making and support community development initiatives • Utilizing the wastes and for RCC concrete application • Converting and utilizing for interlock bricks
	Social	
Aiming LTIFR -Zero	Lost Time injury frequency rate (LTIFR) LTIFR reduced from 0.69 to Zero	• Identification and mitigation of HIRA • All manufacturing plants are certified for ISO 45001:2018 Standards (Safety Management System) except motor plant • Separate Safety syllabus included in EVTS batch and conducting classes • Sustain the practice of identification and mitigation of HIRA • Safety tag system needs to be executed for SMT in shop floor at Sunrise meet • Identify the safety training need for workforce on a regular basis • Create awareness among employees on safety and accident Hot spots through training and safety circles. • Periodical Senior Management review

Focus Area/Goals	Targets	Initiatives
Sustaining an employee centric work culture	Employee Experience Enabling best in class work culture by sustaining and improving culture survey score to 80% by 2024 (industry standard of 73%)	• Proactive Grievance redressal process • Employee Engagement program • Two-way communication • High emphasis on adherence to values
Societal development through high-quality education for the economically challenged	Achieve academic excellence by improving subject average marks year on year in Std XII Board examinations Academic development through building competencies that enable achievement of high average of total marks year on year in Std XII Board examinations To increase the proportion of children from low-income families year on year	• The school attracts and retains teachers by benchmarking salaries to Govt scales • Continuous development of teacher capabilities • Inclusive, holistic education, focusing on all round development of every child • One time investment in world class infrastructure • Limiting class sizes to enable better teacher-student interactions • Free education for orphan children and children whose parents lost their jobs to covid • Scholarships for meritorious students from low-income families
Equip employees with the knowledge and skills to be Employee Training Address the identified training needs of office employees by deploying appropriate training initiatives by 2024#alwaysbetter	Employee Training Address the identified training needs of office employees by deploying appropriate training initiatives by 2024 Equip shop floor employees with identified skill enhancements and support upskilling	• Roll out of Learning Management System to bring in more effectiveness in Learning and Development cycle • Create culture of self-learning thru WBTs • Sharing of book summaries every fortnight
Stay committed to Human Rights	Human Rights Cognizance To create Company-wide awareness and organise Human Rights training programs by 2023	• Strengthening the culture to ensure the equality among all the employees globally irrespective of their gender, religion, race, region etc • Effective implementation of whistle blower policy and sexual harassment policy • Abiding by the law - Non-discrimination, Non-employment of child labour, adherence to Minimum wages, Environment related aspects
Building a diversified workforce	Gender Diversity By 2030, increase representation of women in the office workforce by 20%	• ELGi has a gender-neutral hiring policy • Recruitment plan to have diversified workforce in the organization

Focus Area/Goals	Targets	Initiatives
	Governance	
Sustaining an ethical business environment for stakeholders	100% Compliance – Applicable Laws Target is to be compliant with all applicable laws to the extent that the Company is not exposed to any major penalties or risks Target is also to abide by the non-bribery, anti-corruption policy of the Company Code of Conduct: 100% supplier compliance with ELGi's Business Code of Conduct by x date	• No known incidents of non-bribery and anti-corruption at present • Updating the checklists periodically. • Having clear cut timelines for stakeholders for closing non-compliant items with minimum/no liability to the Company • Supply chain is expected to accept and follow Elgi's code of conduct
Inclusive ESG Governance	ESG Review Mechanism To formalise 'monitor and review system' of the ESG performance at regular intervals Environment & Social Recommendations To implement feedback/ recommendation on 'E' & ''S' aspects from proxy advisors/ investors/analysts ESG Rating To constantly improve ESG ratings/score YoY	• Effective, accountable and transparent governance at all levels • Ensuring responsive, inclusive, participatory and representative decision-making at all levels • ELGi has a gender-neutral hiring policy

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/ Quarterly/Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Yes, by the Managing Director									Annually								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes, by the Audit Committee of the Board									Quarterly								

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
No	No	No	No	No	No	No	No	No

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)					-				
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)					-				
The entity does not have the financial or/human and technical resources available for the task (Yes/No)					-				
It is planned to be done in the next financial year (Yes/No)					-				
Any other reason (please specify)					-				

Section C: Principle Wise Performance Disclosure

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

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	4	• Adoption of new policies towards environmental, social and governance ("ESG") covering Human Rights Policy, Anti-Bribery Policy and Supplier Code of Conduct • Presentation on ESG reporting • Presentation on Asia pacific whistleblowing landscape – benchmarking & best practices • Strategic Business Plan • Insider trading prevention • CSR amendments • Status of legal cases across the globe and their criticality • Board members are made aware of the Company's initiatives and are monitoring them	100%
Key Managerial Personnel	1	Insider trading prevention: Awareness has been and made known the boundaries of trading in Company's securities	100%
Employees other than BoD and KMPs	1	Insider trading prevention: Awareness has been and made known the boundaries of trading in Company's securities.	100%
Workers	32	Whistle blower, POSH Refresher, Total Productive Maintenance, Jishu Hozen & Health Safety and Environment, Training for Self-Managed Teams (SMT), Product & Quality related trainings	75%

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 (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/judicial institutions**	**Amount (In INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/Fine	NIL				
Settlement					
Compounding fee					

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

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
NA	NA

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. The Anti-Bribery Policy prohibits bribery of government officials as well as private sector, including the offering, promising, authorizing or providing anything of value to any customer, business partner, vendor or other third party in order to induce or reward the improper performance of an activity connected with the Company's business. Web-link to the policy is https://www.elgi.com/in/policies/antibribery-policy.pdf.

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

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	Nil	Nil
KMPs		
Employees		
Workers		

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

	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	**Remarks**	**Number**	**Remarks**
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

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.

Not applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

NIL

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

Yes, the Company has a policy for Determining Material Related Party Transactions to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Company's Board, which may arise during the course of its business activities. The same is available at https://www.elgi.com/in/policies/rpt-policy.pdf.

Related party transactions are entered with the prior approval of Audit Committee. All related party transactions are at arm's length and in the ordinary course of business. Further, the Company also has a Code of Conduct in place for Directors, Senior Management, and Independent Directors, which affirms them to disclose the potential conflicts of interest that they may have regarding any matters that may come before the Board. The Directors disclose their interest in other entities annually and as and when there are changes, and the same is noted by the Board.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

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

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	23%	23%	Specific Power Consumption (SPC) improved on an average 4%. This will lower overall energy consumption by 4%
Capex	53%	5%	Refrigerant Air Driers replacing Hydrofluorocarbons (HFC) based refrigerants with Hydrofluro-Olefins (HFO) refrigerants developed

2. a. **Does the entity have procedures in place for sustainable sourcing?**

No

b. **If yes, what percentage of inputs were sourced sustainably?**

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

a. **Plastics (including packaging)**

b. **E-waste**

c. **Hazardous waste and**

d. **other waste.**

Minimum quantities of e-waste, hazardous wastes that are generated are disposed off as per prescribed Rules and Regulations.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not applicable

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

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

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	796	796	100%	796	100%	NA	NA	796	100%	796	100%
Female	53	53	100%	53	100%	53	100%	NA	NA	53	100%
Total	849	849	100%	849	100%	53	100%	796	100%	849	100%
Other than Permanent employees											
Male	NIL										
Female											
Total											

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	409	409	100%	409	100%	NA	NA	409	100%	409	100%
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**409**	409	100%	409	100%	NA	NA	409	100%	409	100%
Other than Permanent employees											
Male	49	49	100%	49	100%	NA	NA	49	100%	49	100%
Female	30	30	100%	30	100%	30	100%	NA	NA	30	100%
Total	**79**	79	100%	79	100%	30	100%	79	100%	79	100%

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

Benefits	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	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%	Y		100%	Y
Gratuity						
ESI						
Others – Group Medical Insurance						

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

We continue improving the infrastructure at all our campuses to enable universal access for persons with disabilities. Ramps are being made available for easy access to workplaces; specially designed rest rooms; wheelchairs on calls.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy

Yes, Elgi has an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016. As an inclusive employer, Elgi actively encourages the recruitment, development, and retention of people with disabilities, provides equal opportunity in the workplace, and is committed to providing a safe, accessible, and healthy work environment. Equal Opportunity policy is available in the intranet of the Company.

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

	Permanent employees		Permanent workers	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	NA		NA	
Female	100%		100%	
Total	100%		100%	

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

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers Other than Permanent Workers Permanent Employees Other than Permanent Employees	• Whistle Blower Policy – Employee can post their grievance in the link communicated through awareness sessions; the committee will redress the grievances as per the policy guidelines. • Employee Communication Meeting – this is open meeting where employee can raise grievance directly to MD. • Suggestion Box – Boxes are kept in the common places viz. canteen, etc. where employee drop their grievances with or without mentioning their names; the committee will communicate the grievance and status in the employee communication meeting. • Performance Management Feedback – the link is communicated to Permanent employees after release of increment every year. The individuals are posted on the status of the feedback by HR.

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

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
Category	**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	None			None		
- Male						
- Female						
Total Permanent Workers						
- Male						
- Female						

8. Details of training given to employees and workers:

Category	FY 2022-23 (Current Financial Year)					FY 2021-22 (Previous Financial Year)				
		On Health and safety measures		On Skill upgradation			On Health and safety measures		On Skill upgradation	
	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	796	796	100%	796	100%	825	825	100%	495	60%
Female	53	53	100%	53	100%	49	49	100%	29	60%
Total	849	849	100%	849	100%	874	874	100%	524	60%
Workers										
Male	458	458	100%	458	100%	471	471	100%	282	60%
Female	30	30	100%	30	100%	33	33	100%	19	60%
Total	488	488	100%	488	100%	504	504	100%	301	60%

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

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	796	796	100%	825	825	100%
Female	53	53	100%	49	49	100%
Total	849	849	100%	874	874	100%
Workers						
Male	458	458	100%	471	471	100%
Female	30	30	100%	33	33	100%
Total	488	488	100%	504	504	100%

10. Health and safety management system:

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

Yes.

Detailed risk assessment has been done for all the operations within the facility, and appropriate control measures are implemented to mitigate the identified risks/hazards. All our buildings are equipped with firefighting systems. Employees and contractual staff receive regular training through various simulation exercises to raise their safety awareness. Safety posters are displayed across the premises to create awareness among employees. Periodical Safety awareness training given for shop floor employees, Specific Safety syllabus subject for Elgi Vocational Training School ("EVTS") and we are validating their performance by conducting the exams.

ISO 14001 (Environment Management system) & 45001 (Safety Management system) are in practice.

Employee Health is being monitored periodically.

We understand that employee well-being is essential to maintaining our leading business performance. We constantly update and improve the range of physical, mental, and emotional support we provide to our employees.

The coronavirus pandemic presented an unprecedented global health challenge. An extensive health, safety, and people engagement program was implemented for the employees. This includes hospitalization, isolation and medical support, wellness counselling services, best practices for employees and workplace safety, travel restrictions, awareness, and COVID-specific insurance coverage for the employees.

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

Risk assessment has always been an integral part of ELGi's Health and Safety Management System and includes the identification of hazards, the complexity of the operations, suitability of the methodologies of risk assessment, workplace conditions, and expert guidance. We conduct periodic as well as annual assessments of our campuses/offices as a part of this process.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N) : Yes

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

All our employees and their families have access to non-occupational medical and healthcare services.

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

Safety Incident/Number	Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	2	3
	Workers	0.44	0.69
Total recordable work-related injuries	Employees	-	-
	Workers	2	3
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	2	3

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

At ELGi, our top priority has always been to ensure the safety and health of our team while safeguarding the interests of the communities in which we operate and the clients we serve. Throughout the year, we have strived to keep the health and safety at the forefront as we grapple with the pandemic. There have been key infrastructure enhancements to ensure adequate sanitization stations, minimal contact with bare surfaces, thermal scanning at key access areas, and effective prompts to maintain social distancing.

Identification and mitigation of Hazard Identification & Risk Assessment (HIRA)

- All manufacturing plants are certified for ISO 45001:2018 Standards (Safety Management System) except motor plant
- Separate Safety syllabus included in EVTS batch and conducting classes
- TUV Nord audited Safety Management System for the plants
- Sustain the practice of identification and mitigation of HIRA
- Safety tag system needs to be executed for SMT in shop floor at Sunrise meet
- Identify the safety training need for workforce on a regular basis
- Create awareness among employees on safety and accident Hot spots through training and safety circles
- Periodical Senior Management review

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

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	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	-	-	-	-	-	-
Health & Safety	975	0	-	493	0	-

14. Assessments for the year

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

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

At ELGi, we have established Environmental Health and Safety policy and emphasize on the importance of maintaining a safe and healthy workplace for all employees & partners who work on our premises. We are also executing Safety Poka yoke for all rotating part of the machines.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

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

We are an organization born inclusive in nature and purpose. Since our inception, we have included diverse segments of people in our talent pool, contributed to social causes even in tough business climates, treated suppliers like our partners and our customers with dedicated commitment, all along driven by our inclusive values and principles. They indicate how Elgi extended its inclusivity to larger stakeholders from the beginning with its insistence on stakeholder identification and engagement.

Sustainability framework brought a formal process to the philosophy already being practiced at ELGi. Stakeholder consultation on sustainability aspects formed a key part of the exercise. The vast range of stakeholder forums bringing in constant inputs and feedback, we realize, is a great way to link materiality to stakeholder concerns on the one hand and for material goal setting and strategizing on the other hand.

ELGi identifies and prioritizes its key stakeholder segments based on their impact on the organization and the organization's impact on them. We constantly engage with all our stakeholders. We collect stakeholder concerns, which in turn act as inputs for our policies, strategies, actions, and materiality assessment.

Our exercise of identification and prioritization of stakeholders has shown us several segments to be constantly engaged with. This helps us be in touch with their concerns and expectations in a two-way dialogue. This also work as a source of critical stakeholder feedback for us. Elgi keeps evolving these engagement methods periodically, revamping and refining them as per the needs and requirements of the stakeholders and the business.

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

Stakeholder's 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
Employees	No	• Internal communication channels including digital platforms Skill development programs with external partners • Total Employee Involvement initiatives	Bi-monthly	• Continuous value creation • Fulfilment of Company's vision and working towards #alwaysbetter life • Professional capacity building • Talent attraction and retention
Customers	No	• Digital platforms and applications • In-person engagement • Reference installations • Feedback mechanisms	As and when required	• Product and service quality • Complaint resolution • On-time delivery • Product safety
Dealerships and Distributors	No	• Dealer meets/conferences • In-person engagement • Digital engagement	As and when required	• Achieving business targets and objectives • Continuous strengthening of ELGi brand • Capacity/capability building
Supply partner	No		As and when required	• Ethical business practices • Sourcing aligned with Sustainable Sourcing Plan • Capability and capacity building
Local communities	Yes	• Corporate Social Responsibility initiatives	As and when required	• Enhanced quality of life via improved access to healthcare, education and skill development • Disaster relief (as required)
NGO partner	No	• Corporate Social Responsibility initiatives		• Capacity enhancement • Achieving CSR objectives
Investors	No	• Press releases and publications • Investor conferences • Annual General Meeting • Stock Exchange announcements		• Financial performance • Business updates • Growth plans • ESG performance
Regulators	No	• Mandatory compliance reports		• Statutory compliance requirements: governance, social, environmental
Banks	No	• In person meetings		• Transparent financial transactions • Timely repayment of debt

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

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:**

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	849	849	100%	874	874	100%
Other than permanent	-	-	-	-	-	-
Total Employees	849	849	100%	874	874	100%
Workers						
Permanent	409	409	100%	379	-	-
Other than permanent	79	79	100%	125	-	-
Total Workers	488	488	100%	504	-	-

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-23 (Current Financial Year)					FY 2021-22 (Previous Financial Year)				
		Equal to Minimum Wage		More than Minimum Wage			Equal to Minimum Wage		More than Minimum Wage	
	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	796			796		825			825	
Female	53			53		49			49	
Other than permanent										
Male	-			-		-			-	
Female	-			-		-			-	
Workers										
Permanent										
Male	409			409		379			379	
Female	-			-		-			-	
Other than permanent										
Male	40			40		92			92	
Female	39			39		33			33	

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/salary/ wages of respective category (Amount in ₹)	Number	Median remuneration/salary/ wages of respective category (Amount in ₹)
Board of Directors (BoD)	8	3,05,000	1	-
Key Managerial Personnel	3	2,10,50,070	-	-
Employees other than BoD and KMP	797	10,27,347	53	8,83,599
Workers	409	8,31,012	-	-

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/No)

Yes. Responsibility for addressing human rights impacts or issues will be through cross-functional teams of Human Resources (in so far as inculcating the principles within employees) and Operations (for inculcating the principles to Company's suppliers/service providers). Overall guidance shall be provided by the legal team and any external consultant that the Company may engage.

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

Stakeholders may contact the Chief Human Resources Officer, Director-Operations or the Internal Auditor under the Whistle blower Policy if they have any concerns, grievances or complaints. The Company is committed to investigating, addressing and responding to any concerns raised, taking appropriate corrective action when required, tracking the progress and communicating with stakeholders about human rights issues within timelines, if any prescribed under the whistle blower policy or under the relevant law.

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

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	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	Nil	Nil		1	1	Closed during December 2022
Discrimination at workplace	Nil	Nil		Nil	Nil	
Child Labour	Nil	Nil		Nil	Nil	
Forced Labour/ Involuntary Labour	Nil	Nil		Nil	Nil	
Wages	Nil	Nil		Nil	Nil	
Other human rights related issues	Nil	Nil		Nil	Nil	

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

The Company's policy on sexual harassment confirms that the complainant will not be victimised merely because a complaint was preferred. The management monitors complaints until closure to ensure that there is no discrimination. There is a communication to the employees in the communication meeting about our policies on discrimination and harassment cases.

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

Yes, as part of our Supplier Code of Conduct in all our procurement contracts.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties) *
Child labour	100% (There is no child labour)
Forced/involuntary labour	100% (There is no forced/involuntary labour)
Sexual harassment	100% (There is no complaint)
Discrimination at workplace	100% (There is no complaint)
Wages	100%
Others – please specify	Nil

*Assessment was done by the Company

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Not applicable

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

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

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	55308	56050
Total fuel consumption (B)	24011	24802
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	79319	80852
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	5.09	5.18
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

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

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	-
(ii) Groundwater	20475	17250
(iii) Third party water	16143	23878
(iv) Seawater/desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	36618	41128
Total volume of water consumption (in kilolitres)	36618	41128
Water intensity per rupee of turnover *(Water consumed/turnover)*	2.1	2.6
Water intensity *(optional)* – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? No(Y/N) If yes, name of the external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No

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

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	Tonne/Million of sales	0.00006	0.00006
SOx	Tonne/Million of sales	0.00004	0.00004
Particulate matter (PM)	Tonne/Million of sales	0.00004	0.0006
Persistent organic pollutants (POP)	NA	-	-
Volatile organic compounds (VOC)	Tonne/Million of sales	0.00002	0.00003
Hazardous air pollutants (HAP)	NA	-	-
Others – please specify	NA	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? NO(Y/N) If yes, name of the external agency.

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

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	*Metric tonnes of CO2 equivalent*	NA	NA
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	-	NA	NA
Total Scope 1 and Scope 2 emissions per rupee of turnover	-	828 Kg Co2/Mn of sale	846 Kg Co2/Mn of sale
Total Scope 1 and Scope 2 emission intensity *(optional)* – the relevant metric may be selected by the entity	-	NA	NA

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? No (Y/N) If yes, name of the external agency.

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**
   No

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

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste ***(A)***	85	64
E-waste ***(B)***	5	3.34
Bio-medical waste ***(C)***	0.03	0.03
Construction and demolition waste ***(D)***	-	-
Battery waste ***(E)***	13	9.5
Radioactive waste ***(F)***	0	
Other Hazardous waste. Please specify, if any. ***(G)***	116	145
Other Non-hazardous waste generated ***(H)***. *Please specify, if any.* (Break-up by composition i.e., by materials relevant to the sector)	3803	3432
Total (A+B + C + D + E + F + G + H)	4022.03	3653.87
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	2246	1854.34
(ii) Re-used	1724	1363.5
(iii) Other recovery operations	52.03	436.03
Total	4022.03	3653.87
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	868	489.03
(ii) Landfilling	-	-
(iii) Other disposal operations	3154.03	3164.84
Total	4022.03	3653.87

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? NO (Y/N) If yes, name of the external agency.

9. **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.**

   The following activities are done:

   Foundry waste sand Zero land fill (ZLF)

   Waste Recycle-Foundry Waste Sand - 225 Kg of foundry waste sand generation/Tonne of casting used as a Bi-product (Solid blocks)

   Initiatives:

   - Sustaining the efforts of brick making and support community development initiatives
   - Utilizing the wastes for RCC concrete application
   - Converting and utilizing for interlock bricks

10. **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:** Not applicable

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:** Not Applicable

12. **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:** Yes

Leadership Indicators

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	8842	4453
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	8842	4453
From non-renewable sources		
Total electricity consumption (D)	55308	56050
Total fuel consumption (E)	24693	24802
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	80001	80852

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? NO (Y/N) If yes, name of the external agency.

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment (After treatment water is being used for gardening)	19751	20898
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**19751**	**20898**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? NO (Y/N) If yes, name of the external agency.

Fresh water reduction from 2.20 KL/Mn of Sale to 1.10 KL/Mn of Sale

3. With respect to the ecologically sensitive areas reported at Question 10 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. No

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

Sr. No.	Initiative undertaken	Details of the initiative *(Web-link, if any, may be provided along-with summary)*	Outcome of the initiative
1	Usage of Energy efficient motors in products	Prime mover used in products for driving Air end has been replaced with highly energy efficient motors manufactured in-house. (Motor division Plant)	Energy Efficient motor installed in various product capacity of 28,934 KW with 1600 Nos of motors
2	Elimination of transformers in Mechanical Generator (In House) sets	Tapping transformers of capacity upto 315 KVA are used in Mg sets for 60Hz testing with various different voltages. Recent MG sets are installed without tapping transformers in MG sets by technology modification in generator controls. (recently two 90KW MG sets are installed)	DG Operations not required and saved the HSD of 25,000 Lts/Year
3	Green Product certificate for the product	Obtained green product certification for the selected products after fulfilling all requirements	EN/EG Series, specific Product
4	Effluent Treatment Plant	Convert the CNC machine used coolant for processing to segregate the Hazardous	Take back the original water from the coolant – 100 KL/Year

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.**

   The Company does not possess a detailed disaster recovery and business continuity plan but is actively addressing the same as work in progress.

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.** None

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.** None

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

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

   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.**

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Indo Australian Chamber of Commerce	International
2	India Asia Srilanka Chamber of Commerce and Industries	International
3	Indo German Chamber of Commerce and Industries	International
4	Indo Italian Chamber of Commerce and Industries	International
5	Indian Chamber of Commerce and Industries	National
6	Confederation of Indian Industry (CII)	National

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

Name of authority	Brief of the case	Corrective action taken
	None	

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.** SIA is not done as the Company is not statutorily required to undertake it as on date

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:** Not applicable

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

   Community can raise their grievances through the whistle blower mechanism.

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

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/small producers	34%	37%
Sourced directly from within the district and neighbouring districts*	34%	32%

*Note: Considered the suppliers within Tamil Nadu and excluded MSME suppliers.

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):** NIL

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:** NIL

3. a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No)** Not Applicable

   b) **From which marginalized/vulnerable groups do you procure?** NIL

   c) **What percentage of total procurement (by value) does it constitute?** NIL

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
1	AB series development for Oil free compressor applications	Owned	Yes	There is no methodology established at this point for calculating benefits. However, based on application, testing and customer experience the product is beneficial over contemporary products
2	Intelligent control system for DPSAC application	Owned	Yes	

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.** NA

6. **Details of beneficiaries of CSR Projects:**
   Societal development through high-quality education for the economically challenged

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Achieve academic excellence by improving subject average marks year on year in Std XII Board examinations	1,312 students during the year 2022-23	40% of students now from low-income families i.e. ₹2 lakhs p.a. or less • 13 orphan children
2	Academic development through building competencies that enable achievement of high average of total marks year on year in Std XII Board examinations		
3	To increase the proportion of children from low-income families year on year		

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

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

   The Company has an on-line system of addressing consumer complaints that are attended to promptly. The Company has a strong customer care system in place with clear benchmarked targets for on time and reliable resolution with built escalation process. Since the complaints redressal mechanism is an on-going process, the number of complaints at any given point in time may not convey the correct picture. The Company strives to resolve all complaints to the satisfaction of its customers.

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

	As a percentage to total turnover
Environmental and social parameters relevant to the product	To be established
Safe and responsible usage	To be established
Recycling and/or safe disposal	To be established

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

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	NIL		NIL	NIL		NIL
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

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

	Number	Reasons for recall
Voluntary recalls	NIL	
Forced recalls		

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes : https://www.elgi.com/in/privacy-policy/

Information Security policy is available in the Company'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.

No incidents reported.

Leadership Indicators

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

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

All products carry a metallic name plate that will have details of basic data required, as per CE norms that are captured and incorporated

1. Model number - Yes
2. Operating pressure - Yes
3. Flow - Yes
4. Fab no - Yes
5. Manufacturing year - Yes
6. Industry standards – Like CE marking - Yes

   In packing

   a) Box dimensions (wherever applicable) - Yes

   b) Weight (wherever applicable) - Yes

   c) Total no. of boxes (wherever applicable) - Yes

   d) Packing slip no. (wherever applicable) - Yes

   e) Customer name – No

   f) Item - Yes

   g) Description - Yes

   h) MRP (Wherever applicable) - Yes

   i) Month/year (Wherever applicable) - Yes

   In addition to the above, the Company is following ISO 3864 for safety decals and ISO 7010 for icons used in the safety decals that are used in the compressors.

5. Provide the following information relating to data breaches:

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

No Instances reported

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

None

Report on Corporate Governance

Annexure I

Report on Corporate Governance

I. Company's Philosophy on Code of Governance

Your Company has always believed in and followed the best business practices, and has been compliant with all the laws, exercised fairness and integrity in all its dealings, thereby reiterated its commitment to enhancement of stakeholders' value. Your Company has a defined set of guidelines for its internal governance based on business ethics, legal compliance and professional conduct. Your Company has been transparent in its accounting practices and procedures, in framing and adhering to policies and guidelines, in insisting on responsibility and accountability and by regular audit of its policies and procedures.

Your Company is in compliance with the requirements of the Corporate Governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). Your Company ensures adequate, timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company to the stock exchanges and the investors. The prescribed standards of accounting, financial and non-financial disclosure are disseminated in an equal, timely and cost-efficient manner enabling access to relevant information by users.

II. Board of Directors

i. As on March 31, 2023, the Board comprised of nine Directors. Of the nine directors, seven (77.78%) are non-executive directors and five (55.56%) are independent directors including a woman director. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 ("Act"), read with the relevant rules made thereunder.

ii. The number of Directorships, Committee memberships/chairmanships of all Directors is within the respective limits prescribed under the Act and SEBI Listing Regulations. Necessary disclosures regarding Board and Committee positions in other public companies as on March 31, 2023, have been made by all the Directors of the Company.

iii. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration under Section 149(7) of the Act that he/ she meets the criteria of independence as required under Section 149(6) of the Act.

iv. All Independent Directors have confirmed that they meet the "independence" criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149 of the Act. In addition, they maintain their limits of directorships as required under SEBI Listing Regulations. Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and the Act and are independent of the management. None of the Independent Directors have resigned before the expiry of the tenure during the year under review.

v. The Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act, read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014. The Company had issued formal letter of appointment to all independent directors and the terms and conditions of their appointment have been hosted on the website of the Company.

vi. The Board met 4 (Four) times during the financial year on May 13, 2022, August 12, 2022, November 4, 2022, and February 3, 2023. The necessary quorum was present for all the meetings.

vii. The names and categories of the directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other public companies as on March 31, 2023, are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and companies incorporated outside India. Chairmanships/ memberships of Board committees shall include only Audit Committee and Stakeholders' Relationship Committee as per Regulation 26(1)(b) of the SEBI Listing Regulations.

Name of the Director and DIN	Category	Number of Board meetings during the year 2022-23	Whether attended last AGM held on August 12, 2022	Number of Directorships in other public companies		Number of Committee Positions held in other public companies		Directorship in other listed companies
		Held/ Attended		Chairman	Director	Chairman	Member	
Mr. Jairam Varadaraj, Managing Director (DIN: 00003361)	Executive, Promoter	4/4	Yes	1	7	–	2	i Precot Limited, ID ii Elgi Rubber Company Limited, Non ID iii Thermax Limited, ID iv Magna Electro Castings Limited, ID
Mr. Sudarsan Varadaraj (DIN: 00133533)	Non - Executive, Promoter	3/4	Yes	1	5	–	3	i. Kovilpatti Lakshmi Roller Flour Mills Limited, ID ii. Super Spinning Mills Limited, ID iii. Elgi Rubber Company Limited, Executive Chairman & Managing Director
Mr. B. Vijayakumar (DIN: 00015583)	Non - Executive, Independent	1/4	No	2	2	–	1	i. L G Balakrishnan & Bros Limited, Chairman & Managing Director ii. LGB Forge Limited, Non-Executive Chairman
Mr. N Mohan Nambiar (DIN: 00003660)	Non - Executive, Independent	4/4	Yes	–	–	–	–	–
Mr. M. Ramprasad (DIN: 00004275)	Non - Executive, Independent	3/4	No	–	–	–	–	–

Dr. Ganesh Devaraj (DIN: 00005238)	Non - Executive, Independent	4/4	Yes	–	–	–	–	–	–
Mr. Harjeet Singh Wahan (DIN: 00003358)	Non - Executive, Non - Independent	4/4	Yes	–	1	–	–	–	–
Ms. Aruna Thangaraj (DIN: 07444726)	Non - Executive, Independent	3/4	Yes	–	1	–	–	–	–
Mr. Anvar Jay Varadaraj, Executive Director (DIN: 07273942)	Executive, Promoter	4/4	Yes	–	–	–	–	–	–

ID - Independent Director

viii. Mr. Sudarsan Varadaraj, Director is the brother of Mr. Jairam Varadaraj, Managing Director and Mr. Anvar Jay Varadaraj, Executive Director is the son of Mr. Jairam Varadaraj, Managing Director. None of the other directors and key managerial personnel are related to each other.

ix. None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five committees across all the companies in which he/she is a director.

x. None of the Independent Directors on the Board are serving as Independent Director in more than seven listed entities. None of the Executive Directors on the Board are serving as Independent Director in more than three listed entities.

xi. During the year 2022-23, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company.

xii. Details of equity shares of the Company held by the non-executive Directors as on March 31, 2023, are given below:

Name	Category	Number of Equity Shares
Mr. M Ramprasad	Independent, Non-Executive	16,000
Mr. B Vijayakumar	Independent, Non-Executive	1,00,000
Mr. Sudarsan Varadaraj	Non-Independent, Non-Executive	2,04,984
Mr. Harjeet Singh Wahan	Non-Independent, Non-Executive	20,000

xiii. The Company has not issued any type of convertible instruments to the Non-Executive Directors.

xiv. There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

xv. During the year, the Compensation Committee has issued 1,52,600 options to the eligible employees of the Company through circular resolution. None of the Directors were issued options.

xvi. The familiarisation program for Independent Directors and appointment letters of the Independent Directors have been hosted on the Company's website www.elgi.com.

xvii. The skills/expertise/competencies fundamental identified by the Board for the effective functioning of the Company which are currently available with the Board and the names of the directors who have such skills/ expertise/competence:

No.	Skills /Core Competencies	Ramprasad M	Ganesh Devaraj	N Mohan Nambiar	B Vijayakumar	Aruna Thangaraj	Sudarsan Varadaraj	Harjeet Singh Wahan	Jairam Varadaraj	Anvar Jay Varadaraj
1	CEO/Board Experience in a Public Company; Corporate Governance		✓	✓	✓	✓	✓	✓	✓	
2	Relevant Industry Experience including Core Operations			✓	✓		✓	✓	✓	✓
3	Capital Allocation and Mergers & Acquisitions	✓	✓		✓		✓		✓	✓
4	Strategic Planning and Business Operations	✓	✓		✓		✓	✓	✓	✓
5	Executive Compensation and Human Capital Management	✓	✓						✓	
6	Accounting and financial reporting experience	✓	✓	✓		✓		✓		
7	Risk Management	✓	✓		✓		✓	✓	✓	
8	Legal, Government, Public Policy, Regulatory	✓		✓	✓		✓			
9	Environment, Health, Safety, and Sustainability								✓	
10	Marketing and Global Brand Building		✓	✓		✓	✓		✓	✓
11	Innovation, R&D, Information technology & cyber security expertise		✓			✓			✓	
12	International/ Global Perspective	✓	✓		✓	✓	✓		✓	✓

xviii. During the year, the Independent Directors of the Company met on May 13, 2022, without the attendance of Non-Independent Directors and members of Management. The Independent Directors *inter-alia* reviewed the performance of the non-independent directors, Board as a whole and Chairman of the Company, on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. The Independent Directors were satisfied with all the above.

III. Committees of the Board

A. Audit Committee

i) The Board has constituted a qualified Audit Committee in compliance with Section 177 of the Act, read with Regulation 18 of SEBI Listing Regulations. All the members of the Committee are Independent Directors including the Chairman except Mr. Harjeet Singh Wahan, who is a Non-Executive Non-Independent Director.

ii) The role, powers and functions of the Audit Committee are as per Section 177 of the Act and SEBI Listing Regulations. The terms of reference of this Committee are as required by SEBI under Regulation 18 read with part C of Schedule II of SEBI Listing Regulations. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required.

The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

iii) During the year under review, the Committee met four times on May 13, 2022, August 12, 2022, November 4, 2022, and February 3, 2023. The gap between two meetings did not exceed one hundred and twenty days. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

Name	Category	Number of Meetings during the year	
		Held	Attended
Mr. M. Ramprasad, Chairman	Independent, Non-Executive	4	3
Mr. N Mohan Nambiar, Member	Independent, Non-Executive	4	4
Dr. Ganesh Devaraj, Member	Independent, Non-Executive	4	4
Mr. Harjeet Singh Wahan, Member	Non-Independent, Non-Executive	4	4
Ms. Aruna Thangaraj, Member	Independent, Non-Executive	4	4

iv) The Chairman of the Audit Committee did not attend the Annual General Meeting ("AGM") held on August 12, 2022, due to personal pre-occupations. A member of the Committee nominated by him attended the AGM on his behalf.

v) The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors, Internal Auditor and Chief Financial Officer of the Company attended the committee meetings as invitees.

B. Nomination and Remuneration Committee

i) The Nomination and Remuneration Committee ("NRC") is constituted in compliance with the requirements of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act.

ii) The terms of reference of the Committee are as required under Regulation 19 read with Part D of Schedule II of SEBI Listing Regulations and also with the requirement of Section 178 of the Act.

iii) The Committee had met once in the year on May 13, 2022. The necessary quorum was present for all the meeting. The Composition of the NRC and the attendance of each member of the Committee are given below.

Name	Category	Number of Meetings during the year	
		Held	Attended
Dr. Ganesh Devaraj, Chairman	Independent, Non-Executive	1	1
Mr. M Ramprasad, Member	Independent, Non-Executive	1	1
Mr. N Mohan Nambiar, Member	Independent, Non-Executive	1	1

iv) The Chairman of the NRC attended the Annual General Meeting held on August 12, 2022.

v) This Committee would look into and determine the Company's policy on remuneration packages of the Executive directors and Senior Management. During the year under review, the Committee had met once in the year on May 13, 2022.

vi) This Committee shall identify the persons, who are qualified to become Directors of the Company/who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every Director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

vii) The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at "https://www.elgi.com/in/policies/remn-policy.pdf."

viii) **Performance Evaluation of non-executive and Independent Directors**

Pursuant to the provisions of the Act and Regulation 37(10) of the SEBI Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Compensation Committee, Corporate Social Responsibility Committee, Risk Management Committee and Stakeholders Relationship Committee. A peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance. Feedback on the appraisal has been provided to the board members.

C. Stakeholders Relationship Committee

i) The Stakeholders Relationship Committee ("SRC") was constituted in compliance with the provisions of Section 178(5) of the Act, read with Regulation 20 and Part D of Schedule II of SEBI Listing Regulations.

ii) The terms of reference of this Committee are as required under Regulation 20 read with Part D of Schedule II of the SEBI Listing Regulations. The SRC of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The Committee also approved transfer, transmission, transposition, name deletion and issue of duplicate share certificates. In addition, the Committee looks into other issues including status of dematerialization/re-materialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

iii) The Committee had met once in the year on May 13, 2022. The necessary quorum was present for all the meeting. The composition of the SRC and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year	
		Held	Attended
Mr. N Mohan Nambiar, Chairman	Independent, Non-Executive	1	1
Mr. Jairam Varadaraj, Member	Non-Independent, Executive	1	1
Mr. Sudarsan Varadaraj, Member	Non-Independent, Non-Executive	1	–

iv) The Chairman of the SRC had attended the AGM of the Company held on August 12, 2022.

v) Mr. S Prakash, Company Secretary is the Secretary to the Committee and Compliance Officer appointed for the compliance of Capital and Securities markets related laws.

vi) The total number of complaints received and replied to the satisfaction of shareholders during the year ended on March 31, 2023, was 15. There were no outstanding complaints as on March 31, 2023.

vii) The SRC has a sub-committee viz., "Committee of Directors" to manage all routine shares related issues. The members of the SRC are the members of the Committee of Directors. No sitting fee is paid to the members of the Committee of Directors. The Committee of Directors meets as and when required. During the year, under review, the Committee has met 28 times.

viii) Pursuant to Regulation 40(9) of SEBI Listing Regulations, a certificate confirming due compliance of share transfer formalities by the Company from a Practising Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

D. Risk Management Committee

i) The Risk Management Committee ("RMC") was constituted in compliance with the provisions of Regulation 21 of SEBI Listing Regulations with majority of Board of Directors as its members.

ii) The terms of reference of this Committee are as specified under Regulation 21 of SEBI Listing Regulations, read with Part D of Schedule II. The RMC shall monitor and review the risk management plan of the Company and perform such other functions as mandated by the Board of Directors.

iii) The Committee met twice during the year on June 7, 2022 and November 24, 2022. The necessary quorum was present for all the meetings. The gap between two meetings did not exceed one hundred and eighty days. The composition of the RMC and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year	
		Held	Attended
Ms. Aruna Thangaraj, Chairperson	Independent, Non-Executive	2	2
Mr. Harjeet Singh Wahan, Member	Non-Independent, Non-Executive	2	2
Mr. Jairam Varadaraj, Member	Non-Independent, Executive	2	2
Mr. R Jayakanthan, Member	Chief Financial Officer	2	2

iv) The top 10 risks affecting the Company were reviewed by the Committee. In accordance with Regulation 21 of the SEBI Listing Regulations, the Company has been regularly reviewing and upgrading the Cyber Security measures for safeguarding the network, systems and data.

v) Up-to-date technology is deployed to ensure that Emails are scanned and quarantined if risks are detected. Multi-factor authentication has been implemented for minimizing cyber risks due to password hacks. The Company has implemented EDR (End Point Detection and Response system) to detect and respond to threats originating from endpoints. Security Information and Event Management (SIEM) solution has been implemented across all critical on-premises platforms to monitor logs and identify anomalies that could lead to potential threats. Privilege or elevated access to systems are logged using PAM (Privileged Access Management) solutions. The Company complies with ISO 27001 for its IT Operations and plans to extend this to all critical functions. Critical pay-loads where possible are moved to Cloud to derive benefits of enhanced security and availability. All critical on-premises systems are implemented with DR and Failover systems. IT security audits are done quarterly to ensure there are no vulnerabilities.

E. Corporate Social Responsibility Committee

i) In compliance with the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility ("CSR") Committee.

ii) The CSR Committee formulates and recommends to the Board, a CSR Policy and the annual action plan indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act. The Committee recommends the amount of expenditure to be incurred on the activities mentioned in the CSR Policy and monitors the implementation of the CSR Policy.

iii) The Committee met twice during the year on May 13, 2022 and February 3, 2023. The necessary quorum was present for all the meetings. The composition of the CSR Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year	
		Held	Attended
Mr. Jairam Varadaraj, Chairman	Non-Independent, Executive	2	2
Mr. B Vijayakumar, Member	Independent, Non-Executive	2	–
Ms. Aruna Thangaraj, Member	Independent, Non-Executive	2	2

F. Compensation Committee

i) The Board of Directors have constituted a Compensation Committee in accordance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 for dealing with matters relating to the implementation of the Elgi Equipments Limited Employee Stock Option Plan 2019.

ii) The Compensation Committee of the Board is authorised to perform all the functions and execute all powers as bestowed under the Elgi Equipments Limited Employee Stock Option Plan 2019.

iii) The Committee did not meet during the year. The composition of Committee is given below:

Name	Category
Dr. Ganesh Devaraj, Chairman	Independent, Non-Executive
Mr. N Mohan Nambiar, Member	Independent, Non-Executive
Mr. M Ramprasad, Member	Independent, Non-Executive

IV. Remuneration of Directors

i) During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for attending meetings of the Company.

ii) The details on the criteria for making payments to the Non-Executive Director(s) is available on the Company's website www.elgi.com.

iii) The Company has not granted any stock options to its Board members.

iv) The remuneration paid to the directors of the Company is within the limits prescribed under the Companies Act, 2013 and the SEBI Listing Regulations.

v) Details of the remuneration to the Directors:

(a) Details of the remuneration for Non-Executive Directors for the year ended March 31, 2023

S.No.	Name of the Director	Sitting Fees (₹.)	Others (₹.)	Total (₹.)
1	Ms. Aruna Thangaraj	3,50,000	–	3,50,000
2	Mr. B Vijayakumar	30,000	–	30,000
3	Dr. Ganesh Devaraj	3,40,000	–	3,40,000
4	Mr. Harjeet Singh Wahan	2,80,000	–	2,80,000
5	Mr. M Ramprasad	3,10,000	–	3,10,000
6	Mr. N Mohan Nambiar	3,00,000	–	3,00,000
7	Mr. Sudarsan Varadaraj	90,000	–	90,000
	Total	**17,00,000**	**–**	**17,00,000**

(b) Details of Remuneration for the Executive Directors for the year ended March 31, 2023 Amount in ₹

S.No.	Particulars of Remuneration	Mr. Jairam Varadaraj, Managing Director	Mr. Anvar Jay Varadaraj, Executive Director
1	Gross salary:		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,02,00,230	41,45,827
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	50,000	-
2	Employee Stock Option	-	-
3	Others - Retirement benefits	7,99,840	4,90,116
	Total	**2,10,50,070**	**46,35,943**

The variable salary of the Managing Director and Executive Director was evaluated based on a combination of both Company performance and individual performance. The Company's performance is assessed as against achievement of sales, profit, cash flow and quality, and the Managing Director's and Executive Director's individual performance was assessed based on the performance of senior management personnel on an average and own performance.

Services of the Managing Director and Executive Director may be terminated by either party, giving the other party three months' notice. There is no provision for payment of severance pay.

V. General Body Meetings

i) Details of location and time of holding the last three AGMs:

Year	Date	Time	Venue	Special Resolutions passed, if any
2021-22	August 12, 2022	4.15 p.m.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM)	a) Approval for modification of the date of expiry of the second term of Mr. N Mohan Nambiar (DIN: 00003660) as Independent Director of the Company to April 10, 2024, being the day, he attains 75 years of age.
2020-21	August 2, 2021	4.30 p.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	a) Approval for payment of consultancy fees to Mr. Harjeet Singh Wahan (DIN: 00003358), Non-executive Director of the Company for rendering services in the nature of business process consulting with effect from April 1, 2021 to March 31, 2022.
				b) Approval for selling or disposing of the property of Pattons Inc, USA a material subsidiary of the Company pursuant to Regulation 24(6) of SEBI Listing Regulations.
2019-20	August 14, 2020	3.30 p.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	a) Approval for payment of consultancy fees to Mr. Harjeet Singh Wahan (DIN: 00003358), Non-executive Director of the Company for rendering services in the nature of business process consulting with effect from April 1, 2020 to March 31, 2021.
				b) Re-appointment of Mr. Jairam Varadaraj as the Managing Director of the Company for a further period of 5 years with effect from April 1, 2021.

ii) Extra Ordinary General Meeting:

During the year under review no Extra Ordinary General Meeting was held.

iii) Postal Ballots

No Postal Ballot was conducted during the financial year 2022-23. None of the businesses proposed to be transacted at the ensuing AGM require passing a resolution through postal ballot.

VI. Means of Communication

i. The quarterly results and annual results are published in newspapers viz., Business Line (all editions)/Economic Times (all editions) (English newspapers) and The Hindu (Tamil) (Vernacular newspapers) and simultaneously hosted on the Company's website www.elgi.com.

ii. The official news releases are also hosted on the Company's website www.elgi.com.

iii. Additionally, the Company has the practice of mailing quarterly results to the shareholders and the members are also kept informed about important developments in the Company.

iv. The presentations made to institutional investors or to the analysts are also hosted on Company's website www.elgi.com.

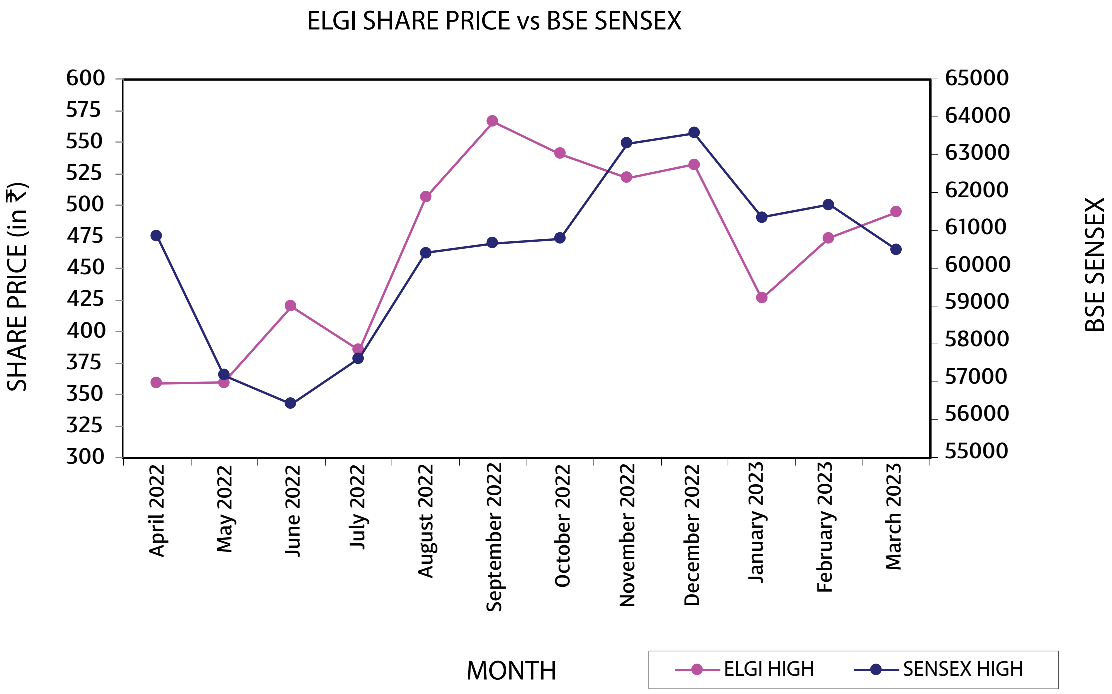
VII. General Shareholder's Information

a.	Sixty Third Annual General Meeting	
	Day, Date and Time	Friday, August 4, 2023 at 4:15 P.M. (IST)
	Venue	Video Conferencing or other Audio Visual means
b.	Financial Year	April 1, 2023 to March 31, 2024
c.	Book closure dates	Saturday, July 29, 2023 to Friday, August 4, 2023 (both days inclusive)
d.	Dividend Payment dates	Before September 2, 2023
e.	Listing of Equity Shares	BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 National Stock Exchange of India Ltd. ("NSE") Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai–400 051
	Listing Fee	Annual listing fee for the financial year 2022-23 paid to the Stock Exchanges.
	Depository Fee	Annual custody fee for the financial year 2022-23 paid to the Depositories.
	Corporate Identity Number	L29120TZ1960PLC000351
f.	Stock Code	
	Trading Symbol at	BSE: 522074 NSE: ELGIEQUIP
	Demat ISIN in NSDL & CDSL	Equity Shares: INE285A01027

G. Stock Price Data:

	BSE				NSE			
	Share Price		Sensex Points		Share Price		CNX Nifty Points	
Month	**HIGH (₹)**	**LOW (₹)**	**HIGH**	**LOW**	**HIGH (₹)**	**LOW (₹)**	**HIGH**	**LOW**
Apr-22	359.35	280.10	60,845.10	56,009.07	359.80	279.55	18,114.65	16,824.70
May-22	359.70	248.85	57,184.21	52,632.48	359.70	248.70	17,132.85	15,735.75
Jun-22	420.00	336.55	56,432.65	50,921.22	419.90	344.60	16,793.85	15,183.40
Jul-22	385.70	334.80	57,619.27	52,094.25	386.00	334.05	17,172.80	15,511.05
Aug-22	506.45	374.10	60,411.20	57,367.47	506.70	372.95	17,992.20	17154.80
Sep-22	566.50	398.45	60,676.12	56,147.23	566.60	398.05	18,096.15	16,747.70
Oct-22	540.80	385.70	60,786.70	56,683.40	541.00	385.50	18,022.80	16,855.55
Nov-22	521.95	466.65	63,303.01	60,425.47	522.80	467.00	18,816.05	17,959.20
Dec-22	532.50	410.05	63,583.07	59,754.10	532.65	413.15	18,887.60	17,774.25
Jan-23	426.30	355.05	61,343.96	58,699.20	427.00	357.95	18,251.95	17,405.55
Feb-23	474.25	370.65	61,682.25	58,795.97	474.60	370.65	18,134.75	17,255.20
Mar-23	494.55	416.50	60,498.48	57,084.91	494.55	421.00	17,799.95	16,828.35

H. Share Price performance in comparison to broad based indices - BSE Sensex Share Price Movement



The Company's securities have not been suspended from trading in any of the exchanges.

I. Registrar and Share Transfer Agents

Link Intime India Private Ltd (Head Office), C-13, 247 Park, L.B.S. Marg, Vikroli (West), Mumbai–400083 having Coimbatore Branch at "Surya", 35, May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028, Tamil Nadu deals with all aspects of investor servicing relating to shares in both physical and demat form.

J. Share Transfer System

The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. The Securities and Exchange Board of India has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities/Registrars and

Share Transfer Agents with effect from April 1, 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Committee of Directors generally meets as and when required to take care of routine share related activities.

K. Details of Unclaimed Shares Suspense Account

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on April 1, 2023	369	4,48,405
Number of shareholders who approached the Company for transfer of shares from shares suspense account during the year	8	6,160
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	8	6,160
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act*	26	11,554
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on March 31, 2023	**335**	**4,30,691**

* The voting rights on the shares outstanding in the suspense account as on March 31, 2023 shall remain frozen till the rightful owner of such shares claim the shares.

Details of Shares transferred to IEPF Authority during 2022-23

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). In pursuance to the said rules, 48,621 shares were transferred to IEPF Authority during 2022-23. The voting rights on the shares outstanding in the IEPF Authority as on March 31, 2023, shall remain frozen till the rightful owner of such shares claims the shares.

L. Shareholding pattern as on March 31, 2023

Category	Number of Shares	% to Total
Promoters & Promoters group	9,88,54,180	31.19
Foreign Portfolio Investors Category I	8,59,25,966	27.11
Foreign Portfolio Investors Category II	33,66,890	1.06
Mutual Funds	1,05,62,820	3.33
Alternate Investment Funds	48,20,228	1.52
Financial Institutions/Banks	140	0.00
Insurance Companies	60,384	0.02
NBFC Registered with RBI	3000	0.00
Foreign Institutional Investors	29,07,859	0.92
Foreign Bank	4000	0.00
Bodies Corporate	3,16,28,552	9.98
IEPF	13,68,399	0.43
Non-Resident Indians	26,98,295	0.85
Unclaimed Shares	4,30,691	0.14
Clearing Members	20,559	0.01
Indian Public and others	7,37,25,003	23.27
Employee Benefit Trust	5,32,050	0.17
Total	**31,69,09,016**	**100.00**

(ii) Distribution of Shareholding as on March 31, 2023

Category	Number of holders	% to holders	Number of shares	% to total shares
Upto 5000	47,073	97.3971	1,05,18,753	3.3192
5001 to 10000	479	0.9911	35,19,492	1.1106
10001 to 20000	259	0.5359	37,62,029	1.1871
20001 to 30000	145	0.3000	35,77,600	1.1289
30001 to 40000	70	0.1448	24,63,074	0.7772
40001 to 50000	30	0.0621	13,68,821	0.4319
50001 to 100000	91	0.1883	66,92,202	2.1117
100001 and above	184	0.3807	28,50,07,045	89.9334
Total	**48,331**	**100.00**	**31,69,09,016**	**100.00**

M. Dematerialization of Shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.23% of the Company's equity share capital are dematerialised as on March 31, 2023. Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

N. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

O. Commodity price risk or foreign exchange risk and hedging activities:

Not applicable

P. Plant locations

i. SF No 353, 354/1, 2, 355, 356, 357 part, 375, 387/2 Part, Elgi Industrial Complex, Trichy Road, Singanallur, Coimbatore, Tamil Nadu – 641 005

ii. SF No 221/1, 2, 3, 4PT, 5, 222/1B, 2, 223/1PT, 2, 225/1, 2, 226/1, 2C, 227/1, 2A, 2B, 2C1, 228/1, 2A, 229/B1, B2, B3 Kothavadi Road, Kodangipalayam Village, Singarampalayam (Post), Kinathukadavu Taluk, Coimbatore, Tamil Nadu – 642109

iii. 212/1A, 213/1, Foundry Plant, Kodangipalayam Village, Nallatipalayam Road, Kinathukadavu Taluk, Coimbatore, Tamil Nadu – 642109

iv. SF No 84, Motor Division, Arasur Road, Arasur Village, Coimbatore, Tamil Nadu – 641407

Q. Address for Correspondence

Registrar & Share Transfer Agents (R&TA) (matters relating to Shares, Dividends, Annual Reports)	Link Intime India Private Limited SEBI Registration No: INR000004058 C-I0l, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai – 400083 **Branch Office:** Surya 35, Mayflower Avenue Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028	Tel: 022-49186270 Fax: 022-49186060 e-mail: coimbatore@linkintime.co.in
For any other general matters or in case of any difficulties/ grievances	Secretarial Department Elgi Equipments Limited Elgi Industrial Complex, Trichy Road, Singanallur, Coimbatore – 641 005	Tel: 91-422-2589555 Fax: 91-422-2573697 e-mail: investor@elgi.com
Website Address	www.elgi.com	
Email ID of Investor of Grievances Section	investor@elgi.com	
Name of the Compliance Officer	S Prakash	

R. Credit Rating:

The Company does not have any Debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds either in India or abroad that requires Credit Rating.

VIII. Disclosures:

a) **Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large:** There were no materially significant transactions with the related parties, during the year, which were in conflict with the interests of the Company and that require an approval of the Company in terms of the SEBI Listing Regulations. The transactions entered into with the related parties during the financial year were in the ordinary course of business and at arm's length basis and were approved by the Audit Committee.

b) **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.** During the financial year 2021-22, the Company has paid a fine of ₹ 11,800/- each to BSE and NSE towards not making prior intimation under Regulation 29(2)/29(3) of SEBI Listing Regulations.

c) **Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee:** The Company has in place a vigil mechanism/whistle blower policy in accordance with the SEBI Listing Regulations and the Act. The Company conducts regular 'Employee Meets' every quarter where all the employees have a chance to interact directly with the Managing Director of the Company. Besides this, the Managing Director is reachable via e-mail and landline. Any issue brought to the attention of the management, whether resolved or not, is placed before the Audit Committee for its perusal and comments. No personnel have been denied access to the Audit Committee of the Company.

d) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:** The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in the SEBI Listing Regulations. A report on the compliances on the applicable laws for the Company is placed before the Board on a quarterly basis for its review.

e) The Company has adopted the following non-mandatory requirements.

   i) Quarterly results are being sent to the shareholders.

   ii) The auditors' report on statutory financial statements of the Company are unqualified.

f) The Company has framed a Material Subsidiaries Policy and the same is placed on the Company's website and the web link for the same is https://www.elgi.com/in/policies/ms-policy.pdf.

g) The Company has framed a Related Party Transaction Policy and the same is placed on the Company's website and the web link for the same is https://www.elgi.com/in/policies/rpt-policy.pdf.

h) During the financial year ended March 31, 2023, the Company did not engage in commodity hedging activities.

i) The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI Listing Regulations.

j) The Company has obtained a certificate from a company secretary in practice 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 Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority. The Certificate is annexed to this report.

k) During the year under review, the recommendations made by the Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.

l) Price Waterhouse Chartered Accountants LLP is the statutory auditors of the Company. The Company and its subsidiary ATS Elgi Limited have paid a sum of ₹ 81,10,000/- plus out of pocket expenses and applicable taxes as fees on consolidated basis to the statutory auditors and all entities in the network firm/entity of which the statutory auditors is a part for the services rendered by them.

m) As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2022-23, one complaint was received by the Committee and the same was resolved. As such, there are no complaints pending as at the end of the financial year.

n) In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) referred to in Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements. Your Company has not adopted any alternative accounting treatment prescribed differently from the Ind AS.

o) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': Not applicable

p) Details of material subsidiaries of the listed entity (based on the financials for the year ended March 31, 2023), including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries:

S.No.	Name of the material subsidiary	Date of Incorporation / Acquisition	Place of Incorporation	Name of the Statutory Auditors	Date of appointment of Statutory Auditors
1	Elgi Compressors USA Inc	15.11.2012	North Carolina, USA	Scharf Pera & Co PLLC	21.3.2023
2	Pattons Inc	28.11.2012	North Carolina, USA	Scharf Pera & Co PLLC	21.3.2023
3	Elgi Compressors Europe S.R.L	31.01.2019	Belgium, Europe	BDO	20.9.2021

q) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI Listing Regulations.

r) The Nomination and Remuneration Committee recommends all fees/ compensation paid to the Non-Executive Directors (including Independent Directors) and thereafter fixed by the Board and approved by the shareholders in the General Meeting, if required. The remuneration paid/payable to the Non-Executive Directors are within the limits prescribed under the Act.

s) Business risk evaluation and management is an ongoing process within the Company. The top 10 risks as identified as affecting the enterprise is being assessed by the Risk Management Committee and is further periodically examined by the Board for the mitigation steps and residual risks. There has been no instance of non-compliance of any requirement of corporate governance report as stated above. The Company regularly intimates the shareholders through quarterly communiques on the performance of the Company. Apart from the above, the Company has not adopted any of the discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations.

t) The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors in its meeting held on May 19, 2023, as required under the SEBI Listing Regulations. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

u) Your Company has received confirmations from the Board (incorporating duties of Independent Directors) and the Senior Management personnel regarding their adherence to the Code of Conduct. The Annual Report of the Company contains a certificate by the MD & CEO, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management. The Code is hosted on the Company's website under the web link www.elgi.com.

v) Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended. All Designated Persons who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code is hosted on the Company's website.

w) The Company has also formulated "The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

x) Subsidiary companies:

Your Company monitors performance of subsidiary companies (list of subsidiary companies has been provided in the financial statements), *inter-alia*, by the following means:

a) The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.

b) The minutes of the meetings of the board of directors of the unlisted subsidiary companies were placed at the meetings of the Board of Directors of the Company.

c) The management of the unlisted subsidiary have periodically placed before the Audit Committee of the Board of Directors of your Company regarding a statement of all significant material transactions and arrangements entered into by the unlisted subsidiary.

d) Your Company has not disposed off any shares in its material subsidiary resulting in reduction of its shareholding to less than fifty percent or cease control over the subsidiary.

e) During the year, under review, Pattons Inc, USA, a material subsidiary of the Company, has recognised a net gain of ₹ 1053.87 million ($13.08 million) upon completion of sale of land and building held in Charlotte, North Carolina, USA.

f) Your Company formulated a Policy on Material Subsidiary as required under SEBI Listing Regulations and the policy is hosted on the website of the Company under the web link www.elgi.com.

g) Elgi Compressors USA Inc., Elgi Compressors Europe S.R.L, and Patton's Inc., are the material subsidiaries of the Company based on the financials for the year ended March 31, 2023.

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

This is to confirm that for the financial year ended March 31, 2023, all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

Jairam Varadaraj
Managing Director
DIN:00003361

Place : Coimbatore
Date : May 19, 2023

Certificate on Corporate Governance for the year ended March 31, 2023

To

The Members of M/s. Elgi Equipments Limited

Dear Sir,

We have examined the compliance conditions of Corporate Governance by M/s. Elgi Equipments Limited ("the Company") for the financial year ended 31st March 2023 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and based on the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2023.

We further state that such compliance 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 MDS & Associates LLP
Company Secretaries

Place: Coimbatore
Date: May 19, 2023

M D SELVARAJ
Managing Partner
FCS No.: 960; C P No.: 411
Peer Review No. 3030/2023
UDIN: F000960E000333996

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 of
M/s. ELGI EQUIPMENTS LIMITED
(CIN: L29120TZ1960PLC000351)
Elgi Industrial Complex III,
Trichy Road, Singanallur,
Coimbatore – 641005

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. ELGI EQUIPMENTS LIMITED** having CIN L29120TZ1960PLC000351 and having registered office at Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore – 641005 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Jairam Varadaraj (Managing Director)	00003361	29/05/1992
2	Mr. Sudarsan Varadaraj	00133533	18/11/1993
3	Mr. Balakrishnan Vijayakumar	00015583	11/01/1993
4	Mr. Mohan Nambiar	00003660	16/02/1983
5	Mr. Ramprasad Mathrubutham	00004275	25/09/2004
6	Dr. Ganesh Devaraj	00005238	30/10/2003
7	Mr. Harjeet Singh Wahan	00003358	01/04/2015
8	Mrs. Aruna Thangaraj	07444726	27/05/2019
9	Mr. Anvar Jay Varadaraj (Executive Director)	07273942	01/04/2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MDS & Associates LLP
Company Secretaries

Place: Coimbatore
Date: May 19, 2023

M D SELVARAJ
Managing Partner
FCS No.: 960; C P No.: 411
Peer Review No. 3030/2023
UDIN: F000960E000333985

Group Performance – Financials

(₹ In Million)

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Revenue from operations	30,407	25,247	19,240	18,294	18,635	16,222	14,381	14,660
Total income	31,079	25,797	19,475	18,426	18,731	16,336	14,501	14,751
Total expenditure	26,079	22,324	17,084	16,935	16,717	14,488	12,989	13,453
PBITDA	5,000	3,473	2,392	1,491	2,014	1,848	1,513	1,299
Depreciation and amortisation	777	745	743	652	511	438	446	436
Finance cost	198	111	135	155	90	60	78	122
Profit before tax (PBT)	4,025	2,617	1,513	683	1,413	1,350	989	741
Less: Income tax	1,396	846	503	270	404	413	264	244
Share of profit from joint ventures	25	13	14	12	22	16	16	13
Exceptional items	1,054	-	-	-	-	-	-	-
Profit after tax (PAT)	3,708	1,784	1,025	426	1,031	953	740	509
Dividend (%)	200	115	80	165	130	120	100	100
Capital employed	13,096	11,245	9,624	10,289	8,860	8,462	7,530	7,164
Net worth	13,712	10,325	8,699	7,690	7,709	6,889	6,069	5,462
Long term borrowings	216	578	812	1,027	763	603	966	1,391
Net block incl. Capital WIP	5,898	5,607	5,761	6,039	5,099	4,469	4,445	4,526
Investments	135	108	85	49	75	91	102	60
Current assets	18,237	13,335	11,333	8,968	8,244	7,760	6,354	6,198
Current liabilities	10,211	8,060	7,485	6,303	5,209	4,962	3,931	4,079
Net working capital	8,026	5,275	3,848	2,666	3,034	2,798	2,424	2,119
Total assets	25,016	19,649	17,667	15,551	13,855	12,589	11,163	11,208

Group Performance – Ratios

Ratio Category/Ratio	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Operational Performance								
Material Consumption Ratio (%)	50.74	54.11	53.73	53.99	55.71	56.75	55.43	55.94
Personnel Expenses (%)	18.92	19.30	21.53	22.27	18.41	17.64	18.66	18.42
Other Expenses Ratio (%)	16.63	15.60	14.07	16.97	16.19	15.24	16.41	17.16
Interest Component Ratio (%)	0.65	0.44	0.70	0.86	0.49	0.37	0.57	0.88
Tax Component Ratio (%)	3.61	3.28	2.58	1.47	2.16	2.53	1.82	1.66
Other Income/Total Income (%)	2.77	2.77	1.79	1.31	1.18	1.35	1.52	1.08
Sales per Employee (₹ in million)	14.09	11.65	8.72	8.18	8.77	7.90	6.78	7.00
Financial Structuring								
Long Term Debt Equity Ratio	0.02	0.06	0.09	0.13	0.10	0.09	0.16	0.25
Net Working Capital/Total assets	0.32	0.27	0.22	0.17	0.22	0.22	0.22	0.19
Investments/Total assets	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.01
Liquidity								
Current Ratio	1.79	1.65	1.51	1.42	1.58	1.56	1.61	1.52
Quick Ratio	1.20	1.06	1.06	0.88	1.05	1.01	1.05	0.97
Efficiency								
Inventory Turnover days	66	60	65	62	54	57	62	66
Trade Receivables Turnover days	62	63	71	72	70	66	64	63
Creditors No. of days	70	74	88	82	81	74	84	84
Capital Turnover Ratio	2.48	2.40	1.92	1.90	2.14	1.99	1.85	1.91
Net Fixed Assets Turnover Ratio	5.30	4.46	3.26	3.29	3.89	3.60	3.05	3.08
Profitability								
PBITDA Profit Margin (%)	16.09	13.47	12.28	8.10	10.75	11.48	10.43	9.10
PBT Margin (%)	12.95	10.15	7.77	3.71	7.54	8.43	6.82	5.11
Net Profit Margin (%)	11.93	6.92	5.26	2.31	5.50	5.83	5.10	3.45
Return on Capital Employed (%)	34.90	26.28	16.70	8.89	17.61	17.83	14.73	13.42
Shareholder's Earnings								
Earnings per Share	11.70	5.63	3.24	2.69	6.51	6.02	4.67	3.22
Dividend per Share (₹)	2.00	1.15	0.80	1.65	1.30	1.20	1.00	1.00
Dividend Payout Ratio (%)	17.09	20.41	24.74	61.42	19.99	19.96	21.41	31.11
Dividend Yield (%)	0.46	0.36	0.41	0.98	0.51	0.44	0.47	0.77
Price to Earnings Ratio	37.21	56.18	60.64	62.51	38.95	45.67	45.29	40.23
Return on Net Worth (%)	34.44	20.17	12.51	5.53	14.12	14.71	12.83	9.64
Book Value per Share (₹)	43.27	32.58	27.45	48.57	48.69	43.51	38.33	34.50

Notes:

1. Net Profit Margin (%) includes Exceptional Items.
2. Earnings per Share, Dividend per share and Book value per share from 2020-21 onwards are after considering the increase in the number of shares on account of bonus issue made at the ratio of 1:1 during FY 2020-21.
3. The Board of Directors have recommended a dividend of ₹ 2.00/- per share (200%) for the year ended March 31, 2023.

Independent Auditors' Report

Independent Auditors' Report

To the Members of Elgi Equipments Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of Elgi Equipments Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information in which are included the financial information of two joint operations.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on audited financial information of the joint operations, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("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, 2023, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditors' responsibilities for the audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 13 of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of investment in subsidiaries and joint ventures (Refer Note 6 to the Standalone Financial Statements) As at March 31, 2023, the Company has equity investments of Rs. 1,705.90 million in its subsidiaries and joint ventures (including Limited Liability Partnership). The Company reviews the carrying value of these investments at each reporting period. Where considered necessary, the Company performs a detailed assessment as required under Ind AS 36. We considered the assessment of carrying value of investments as a key audit matter, considering its significance to the Standalone Financial Statements, and where applicable, the judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	Our audit procedures included the following: ● Understood and performed procedures to assess the design and tested the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of investments. ● Obtained the audited financial statements of the subsidiaries and joint ventures and tested the Company's assessment with regard to key financial indicators including net worth of those respective subsidiaries and joint ventures with the carrying value of the investments made in those entities. ● In relation to a subsidiary (in respect of investment and financial guarantees) where future cash flow projections were prepared, evaluated the reasonableness of these projections by checking the mathematical accuracy, discussing with the management to understand the assumptions involved, and our knowledge and understanding of the current business conditions. Evaluated, along with the auditors' experts, the key assumptions such as discount rate and growth rate used in the preparation of the cash flow projections. ● Read the subsidiaries and joint ventures financial statements and auditors' report and discussed with the auditors of the subsidiary companies in relation to the work performed by them on the subsidiary company financial statements including any impairment evaluation carried out by them at the subsidiary level. ● Evaluated the adequacy of the disclosures made in the Standalone Financial Statements. Based on above procedures performed, the management's assessment of carrying value of investments in subsidiaries and joint ventures was reasonable.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report and Report on Corporate Governance, but does not include the Standalone Financial Statements and our auditors' report thereon.

   Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (refer paragraph 13 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

9. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its joint operations to express an opinion on the Standalone Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Company of which we are the independent auditors. For the joint operations included in the Standalone 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.

10. 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.

11. 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.

12. 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 auditors' 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 Matter

13. We did not audit the financial statements of two joint operations whose financial statements reflect total assets of Rs. 118.17 million and net assets of Rs. 118.04 million as at March 31, 2023, total revenue of Rs. Nil, total net loss after tax of Rs. 0.17 million, total comprehensive loss of Rs. 0.17 million and net cash inflows amounting to Rs. 0.38 million for the year ended on that date, as considered in the Standalone Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the Standalone Financial Statements (including other information) insofar as it relates to the amounts and disclosures in respect of these joint operations is based solely on the reports of such other auditors.

Our opinion is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on April 01, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company 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 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 has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 43 to the Standalone Financial Statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 47(ii) to the Standalone Financial Statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 47(ii) to the Standalone Financial Statements); and

(c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 23213126BGXZYM5228

Place: Coimbatore
Date: May 19, 2023

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Standalone Financial Statements as of and for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Elgi Equipments Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 23213126BGXZYM5228

Place: Coimbatore
Date: May 19, 2023

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the Members of Elgi Equipments Limited on the Standalone Financial Statements as of and for the year ended March 31, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment, Right of use assets and Investment properties.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment, Right of use assets and Investment properties are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Notes 3(a) and 4 to the financial statements, are held in the name of the Company.

Immovable properties of land and buildings whose title deeds have been pledged as security for loans, guarantees, etc., are held in the name of the Company per the confirmation received from the banker as on balance sheet date. Refer Note 3(a)(iv) of the standalone financial statements.

(d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The physical verification of inventory (excluding stocks with third parties) has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are in agreement with the unaudited books of account (Also refer Note 47(i) to the standalone financial statements)

iii. (a) The Company has made investments in one company and one financial institution, granted unsecured loans to 115 other parties (loans to employees) and stood guarantee to two Companies. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees to subsidiaries to parties other than subsidiaries, joint ventures and associates are as per the table given below. Also refer Note 7, 16 and 41 to the financial statements:

Particulars	Guarantees (in million)	Loans (in million)
Aggregate amount granted/ provided during the year		
-Subsidiaries	280.47	-
-Others	-	38.69
Balance outstanding as at balance sheet date in respect of the above case (including the balances outstanding as at the beginning of the year)		
-Subsidiaries	3,974.52	579.32
-Others	-	84.61

(b) In respect of the aforesaid investments/ guarantees/loans, the terms and conditions under which such loans were granted/ investments were made/guarantees provided are not prejudicial to the Company's interest.

(c) In respect of the loan to one subsidiary, the schedule of repayment of principal and payment of interest has been stipulated. However, in the absence of any amount falling due during the year, the situation for commenting on the regularity of repayment of principal and payment of interest does not arise.

In respect of loans to other parties (loans to employees), the schedule of repayment of principal and payment of interest has been stipulated and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(d) In respect of the aforesaid loans/advances in nature of loans, there is no amount which is overdue for more than ninety days.

(e) There were no loans/advances in nature of loans which fell due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/advances in nature of loan.

(f) The loans/advances in nature of loans granted during the year had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand. The company has not granted any loans / advances in the nature of loans during the year to promotors/related parties.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 43(a) to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of goods and services tax, provident fund, employees' state insurance and duty of customs, which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at March 31, 2023 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (in Rs. Millions)*	Period to which amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty	2.57	FY 2011-2012	Additional Commissioner
Finance Act, 1994	Service tax	3.57	FY 2007-08 to 2012-13	Customs, Excise, Service Tax Appellate Tribunal
The Central Sales Tax, Act, 1956	Central Sales Tax	-	FY 2012-13 to 2015-16	Sales Tax Appellate Tribunal, Coimbatore
The Central Sales Tax, Act, 1956	Central Sales Tax	-	FY 2004-05	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	0.77	FY 2004-05	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	6.93	FY 2013-14	Honourable High Court of Madras
The Central Excise Act, 1956	Central Sales Tax	0.88	FY 2015-16 and 2016-17	Deputy Commissioner of State Tax, Ahmedabad
Gujarat Value Added Tax Act, 2003	VAT	0.33	FY 2016-17	Deputy Commissioner of State Tax, Ahmedabad
Income Tax Act, 1961	Income Tax	-	FY: 2010-11, 2012-13, 2015-16, 2016-17, 2020-21	Commissioner of Income Tax (Appeals)

*Net of amount paid under protest amounting to INR 273.84 million

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority. (Also refer Note 23 to the financial statements)

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(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) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause. In respect of certain complaints, for which preliminary findings of the investigations have been provided to us by management, our consideration of the complaints having any bearing on our audit is limited to such preliminary findings.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has two CICs as part of the Group as detailed in note 19(v) to the financial statements. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 51 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.

(b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of Section 135 of the Act pursuant to ongoing projects to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act. (Also refer Note 36(b) to the financial statements)

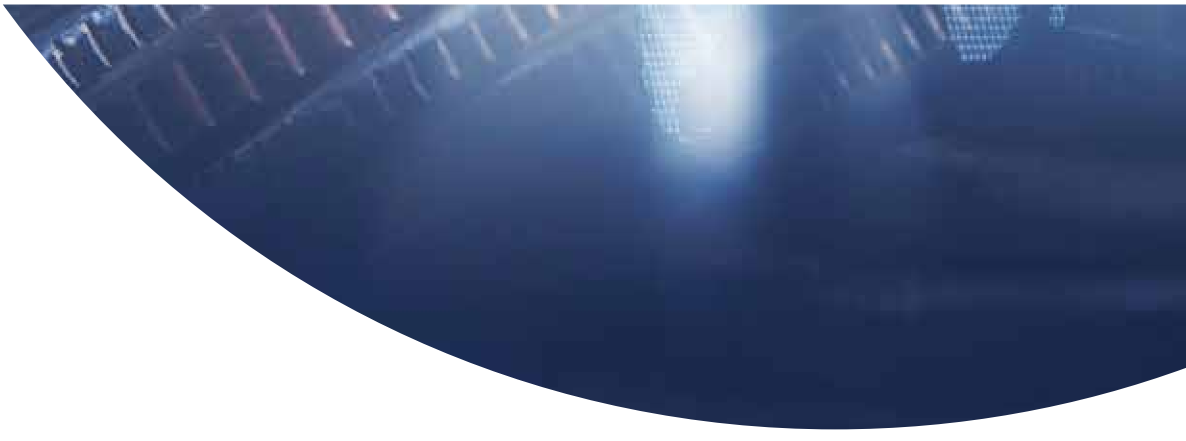
xxi The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: FRN 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 23213126BGXZYM5228

Place: Coimbatore
Date: May 19, 2023

Standalone Financial Statements



Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Standalone Balance Sheet as at March 31, 2023

Particulars	Notes	March 31, 2023	March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3(a)	2,048.86	1,875.82
Right of use assets	3(b)	23.53	20.66
Capital work-in-progress	3(a)	25.20	65.23
Investment properties	4	53.95	54.64
Goodwill	5	1.23	1.23
Other intangible assets	5	28.77	40.47
Financial assets			
(i) Investments	6	1,840.86	1,813.81
(ii) Loans	7	628.58	602.55
(iii) Other financial assets	8	32.51	32.00
Deferred tax assets (net)	22	102.72	66.77
Other non-current assets	10	50.87	75.44
Total non-current assets		**4,837.08**	**4,648.62**
Current assets			
Inventories	11	1,673.49	1,715.80
Financial assets			
(i) Trade receivables	12	4,435.14	4,244.51
(ii) Cash and cash equivalents	13	519.18	548.96
(iii) Bank balances other than cash and cash equivalents	14	2,034.85	634.76
(iv) Deposits with financial institutions	15	1,850.00	400.00
(v) Loans	16	35.35	23.30
(vi) Other financial assets	17	160.56	130.21
Other current assets	18	277.85	268.87
Total current assets		**10,986.42**	**7,966.41**
Total assets		**15,823.50**	**12,615.03**
Equity and liabilities			
Equity			
Equity share capital	19	316.91	316.91
Other equity	20	11,903.09	9,524.31
Total equity		**12,220.00**	**9,841.22**

Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Standalone Balance Sheet as at March 31, 2023 (Continued...)

Particulars	Notes	March 31, 2023	March 31, 2022
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3(b)	17.29	16.67
Provisions	21	87.82	69.59
Total non-current liabilities		**105.11**	**86.26**
Current liabilities			
Financial liabilities			
(i) Borrowings	23	903.68	-
(ii) Lease liabilities	3(b)	9.24	6.66
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		275.73	395.27
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,384.38	1,522.71
(iv) Other financial liabilities	25	374.51	282.57
Provisions	26	239.64	141.98
Current tax liabilities (Net)	9	100.78	158.91
Other current liabilities	27	210.43	179.45
Total current liabilities		**3,498.39**	**2,687.55**
Total liabilities		**3,603.50**	**2,773.81**
Total equity and liabilities		**15,823.50**	**12,615.03**

The above Standalone Balance Sheet should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Profit and Loss for the year ended March 31, 2023

Particulars	Notes	March 31, 2023	March 31, 2022
Revenue from operations	28	17,566.35	15,825.90
Other income	29	833.64	456.80
Total Income		**18,399.99**	**16,282.70**
Expenses			
Cost of materials consumed	30	8,201.00	8,430.29
Purchases of stock-in-trade	31	1,528.93	1,311.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	148.32	(248.84)
Employee benefits expense	33	1,934.89	1,696.11
Finance costs	34	54.47	16.43
Depreciation and amortisation expenses	35	383.60	367.68
Other expenses	36	2,609.01	2,196.27
Total expenses		**14,860.22**	**13,769.27**
Profit before tax		**3,539.77**	**2,513.43**
Income tax expense	37		
-Current tax		854.30	657.53
-Deferred tax		(39.31)	(37.61)
Profit for the year		**2,724.78**	**1,893.51**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in fair value of FVOCI equity instruments	20 (h)	12.65	23.09
Deferred tax relating to above item	20 (h)	(3.35)	-
Remeasurement of post-employment benefit obligations	20 (f)	(15.76)	23.22
Income tax relating to above item	20 (f)	3.97	(5.84)
Other comprehensive income for the year, net of tax		**(2.49)**	**40.47**
Total comprehensive income for the year		**2,722.29**	**1,933.98**

Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Profit and Loss for the year ended March 31, 2023 (Continued...)

Particulars	Notes	March 31, 2023	March 31, 2022
Earnings per equity share	46		
Nominal value of the shares (INR)		1.00	1.00
(1) Basic (INR/share)		8.61	5.99
(2) Diluted (INR/share)		8.61	5.98

The above Standalone Statement of Profit and Loss should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Standalone Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Changes in Equity

i) Equity Share Capital

	Notes	Amounts
Balance as at April 01, 2021	19	**316.91**
Changes in equity share capital		–
Balance as at March 31, 2022	19	**316.91**
Changes in equity share capital		–
Balance as at March 31, 2023		**316.91**

ii) Other equity

		Reserve and Surplus								Other reserve		
Particulars	Notes	Capital reserve	Statutory reserve	Securities Premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Total	Total other equity
Balance as at April 01, 2021		**181.41**	**5.49**	**250.92**	**1,140.60**	**(55.44)**	**3.02**	**6,247.48**	**7,773.48**	**66.81**	**66.81**	**7,840.29**
Profit for the year	20	–	–	–	–	–	–	1,893.51	1,893.51	–	–	1,893.51
Other comprehensive income (net of tax)	20	–	–	–	–	–	–	17.38	17.38	23.09	23.09	40.47
Total comprehensive income for the year		–	–	–	–	–	–	**1,910.89**	**1,910.89**	**23.09**	**23.09**	**1,933.98**
Transactions with owners in their capacity as owners:												
Purchase of shares for ESOP scheme	20	–	–	–	–	(68.70)	–	–	(68.70)	–	–	(68.70)
Sale of treasury stock	20	–	–	–	–	11.40	–	50.98	62.38	–	–	62.38
Employee stock option expense (refer note 42)	20	–	–	–	–	–	9.64	–	9.64	–	–	9.64
Dividend paid	20	–	–	–	–	–	–	(253.28)	(253.28)	–	–	(253.28)
Balance as at March 31, 2022		**181.41**	**5.49**	**250.92**	**1,140.60**	**(112.74)**	**12.66**	**7,956.07**	**9,434.41**	**89.90**	**89.90**	**9,524.31**

Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Changes in Equity (Continued...)

		Reserve and Surplus								Other reserve		
Particulars	Notes	Capital reserve	Statutory reserve	Securities Premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Total	Total other equity
Balance as at April 01, 2022		181.41	5.49	250.92	1,140.60	(112.74)	12.66	7,956.07	9,434.41	89.90	89.90	9,524.31
Profit for the year	20	–	–	–	–	–	–	2,724.78	2,724.78	–	–	2,724.78
Other comprehensive income (net of tax)	20	–	–	–	–	–	–	(11.79)	(11.79)	9.30	9.30	(2.49)
Total comprehensive income for the year		–	–	–	–	–	–	2,712.99	2,712.99	9.30	9.30	2,722.29
Transactions with owners in their capacity as owners:												
Exercise of shares under ESOP scheme	20	–	–	–	–	14.88	(3.46)	1.09	12.51	–	–	12.51
Employee stock option expense (refer note 42)	20	–	–	–	–	–	12.36	–	12.36	–	–	12.36
Forfeiture of shares- recharged on subsidiaries	20	–	–	–	–	–	(3.93)	–	(3.93)	–	–	(3.93)
Dividend paid	20	–	–	–	–	–	–	(364.45)	(364.45)	–	–	(364.45)
Balance as at March 31, 2023		**181.41**	**5.49**	**250.92**	**1,140.60**	**(97.86)**	**17.63**	**10,305.70**	**11,803.89**	**99.20**	**99.20**	**11,903.09**

The above Standalone Statement of Changes in Equity should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Cash Flows

Particulars	March 31, 2023	March 31, 2022
Cash flow from operating activities		
Profit before income tax	**3,539.77**	**2,513.43**
Adjustments for :		
Depreciation and amortisation expense	383.60	367.68
Provision for bad and doubtful debts	11.81	12.63
Gain on disposal of property, plant and equipment and investment property	(102.12)	(38.49)
Rental income from investment property (net of expenses)	(9.99)	(18.31)
Dividend and interest income classified as investing cash flows	(367.53)	(173.62)
Net unrealised exchange differences	(73.89)	(51.93)
Finance costs	54.47	16.43
Non-cash employee share based payments	10.15	6.16
Change in operating assets and liabilities		
Increase in trade receivables	(150.34)	(906.67)
(Increase)/decrease in inventories	42.31	(329.96)
Increase/(decrease) in trade payables	(256.59)	109.31
Increase in other financial assets	(8.98)	(11.03)
(Increase)/decrease in other current assets	(6.60)	58.33
Increase in provisions	100.13	67.74
Increase in other financial liabilities	66.85	25.99
Increase in other current liabilities	30.98	47.41
Net payments to unspent CSR account	(9.06)	–
Cash generated from operations	**3,254.97**	**1,695.10**
Income taxes paid (net of refund)	(908.46)	(647.37)
Net cash inflow from operating activities	**2,346.51**	**1,047.73**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(468.32)	(294.25)
Investments in unquoted equity instruments/subsidiaries	(14.40)	(17.89)
(Investments in)/redemption of deposits with banks/financial institutions	(2,840.59)	136.65
Rental income from investment property (net of expenses)	9.99	18.31
Repayment of loans from subsidiaries	-	9.65
Loans recovered from employees (net)	6.99	8.34
Proceeds from sale of property, plant and equipment and investment property	108.23	40.38
Dividends received	161.06	74.41
Interest received	171.92	83.69
Net cash (outflow)/inflow from investing activities	**(2,865.12)**	**59.29**

Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Cash Flows (Continued...)

Particulars	March 31, 2023	March 31, 2022
Cash flows from financing activities		
Net Short term Loans borrowed/(repaid to) from banks	900.00	(1,013.84)
Payment of lease liabilities	(8.44)	(6.26)
Purchase of shares for ESOP scheme	-	(68.70)
Proceeds from sale of treasury stock	-	66.20
Proceeds from exercise of shares under ESOP scheme	12.51	-
Dividends paid to company's shareholders	(364.45)	(253.28)
Interest paid	(50.79)	(17.37)
Net cash inflow/(outflow) from financing activities	**488.83**	**(1,293.25)**
Net decrease in cash and cash equivalents	**(29.78)**	**(186.23)**
Cash and cash equivalents at the beginning of the year	**548.96**	**735.19**
Cash and cash equivalents at end of the year	**519.18**	**548.96**
Non-cash financing and investing activities		
-Acquisition of right-of-use assets	11.64	–

The above Standalone Statement of Cash Flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

General Information

Elgi Equipments Limited ("the Company") CIN:L29120TZ1960PLC000351 is engaged in manufacturing of air compressors. The Company has manufacturing plants and its registered office in Coimbatore. The Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

1 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

(i) Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. This financial statement has been approved by the Board of Directors in their meeting held on May 19, 2023.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

a) certain financial assets and liabilities (including derivative instruments) that are measured at fair value,

b) defined benefit plans – plan assets measured at fair value and,

c) share based payments.

(iii) New and amended standards adopted by the Company

The Company has considered following relevant amendments to Ind AS for the first time in their annual reporting period commencing April 01, 2022:

1. Ind AS 16 Property, Plant and Equipment on recognition of excess of net sale proceeds of items produced over the cost of testing.

2. Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets specifying the cost of fulfilling a contract.

The amendments listed above did not have any impact on the amounts recognised in current year and are not expected to significantly affect the future periods.

(iv) New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends certain accounting standards, and are effective 1 April 2023. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(b) Accounting for Joint Operations

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 49.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Managing Director (MD) of the company has been identified as the chief operating decision maker of the Company. He assesses the financial performance and position of the Company and makes strategic decisions. The business activities of the Company comprise of manufacturing and sale of compressors. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

(d) Foreign Currency Translation

(i) Functional and Presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The standalone financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as a part of the fair value gain or loss.

(e) Revenue Recognition

Revenue is recognised when a customer obtains control of a promised goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service in an amount that reflects the consideration (transaction price) to which the entity expects to be entitled in exchange for those goods and services. For each contract with a customer, the company applies the below five step process before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the Contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

(i) Sale of Products: The Company manufactures and sells a range of air compressors and related parts. Sales are recognised when control of the product has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligations that could effect the customer's acceptance of products. Delivery occurs when the product have been shipped from the Company's warehouse to the specific location in case of domestic sales, and when a bill of lading is generated in case of exports, the risk of obsolescence and loss have been transferred to the customer and either the customer has accepted the product in accordance with the sales contract, the acceptance provision have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Where the company sells goods and also has transportation obligation, and where the control of the goods get transferred, the sale of goods and transportation is treated as separate performance obligation.

The Company's obligation to repair/replace faulty product under the standard warranty terms is recognised as a provision. Refer note no 26.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The credit facility is as per standard industry terms, thus there is no significant financing component.

(ii) Sale of Services: The performance obligation under service contract are installation, maintenance and other ancillary services set forth in the contracts. Revenue from rendering of services are recognised over a period of time by reference to the stage of completion as the customer simultaneously receives and consumes the benefit provided by the Company's performance as the Company performs. In case of transportation revenue, the Company recovers cost of transportation from the customers. The cost is either billed separately in the invoice or included in the total transaction price. Where the transaction price is inclusive of cost of transportation, the Company splits the transaction price into Sale of product and Sale of services. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

(iii) Duty Drawback: Income from duty drawback is recognised on an accrual basis.

(iv) Royalty: Royalty is recognised on accrual basis in accordance with terms of respective agreements.

(f) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

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Significant accounting policies (Continued...)

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grant is recognised either as other income or adjusted against expenses depending upon the nature of the grant and the same is followed consistently.

Government grants relating to purchase of property, plant and equipment are presented by deducting the grant from carrying amount of the asset.

(g) Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

As a lessee

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for the use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Elgi equipments limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, such as term, country, currency and security.

Right–of–use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(i) Business Combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method. The Company also elects to apply the optional test (the concentration test) which permits a simplified assessment of whether an acquired set of activities and assets is not a business on each transaction basis.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, over (b) the net fair value of the identifiable assets acquired and liabilities assumed. Acquisition related costs are expensed as incurred.

(j) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets (including investments) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets

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Significant accounting policies (Continued...)

are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flow Statement: The Cash flow from Operating activities are prepared under the Indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

(l) Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(m) Inventories

Raw materials and stores, work in progress, traded and finished goods

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Investments and Other Financial Assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset (excluding trade receivables which do not contain significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) **Amortised Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised direct in profit or loss and presented in other income/(other expenses). Impairment losses are presented as separate line item in the statement of profit or loss.

b) **Fair Value through Other Comprehensive Income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expense). Interest income from these financial assets is included in other income using the effective interest rate method.

c) **Fair Value through Profit or Loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/(expense) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity Instruments

The Company measures all equity investments at fair value, except for investments forming part of interest in subsidiaries and joint ventures, which are measured at cost. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

All investments in equity instruments and contracts on those instruments are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

The entity accounts for its investment in power purchase agreements at cost as the change in performance of the investee or market or economic environment will not impact the ultimate cash flows of the equity instrument.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(expense) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023
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Significant accounting policies (Continued...)

Derecognition of Financial Assets

A financial asset is derecognised only when

a) The Company has transferred the rights to receive cash flows from the financial asset or

b) The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Income Recognition

a) Interest income

Interest income on financial assets at amortised cost is calculated using the effective interest rate method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance).

b) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(o) Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investment. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

Derivatives that are not designated as hedges:

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/(expense).

(p) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(q) Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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Significant accounting policies (Continued...)

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line and written down value methods to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on Schedule II to the Companies Act, 2013 except roads (classified as buildings), tools, Jigs and fixtures, patterns and mould and dies (classified as plant and machinery), where useful lives have been determined based on technical evaluation done by the management's expert which are different from those specified by Schedule II to the Companies Act, 2013 in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Useful Life (years)

Asset	As adopted by Company	As per Schedule II
Roads	10	5
Tools, Jigs & Fixture, Patterns, Moulds & Dies	5-8	15

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/(expense).

(r) Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (other than land) are depreciated using the written down value method over their estimated useful lives. Investment properties have a useful life of 30 years. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

(s) Intangible Assets

(i) Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in the circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to cash generating unit which is expected to benefit from business combination in which the goodwill arose.

(ii) Other Intangible Assets

The intangible assets include computer software and drawings which are recorded at the cost of acquisition and are amortised using the straight-line method over a period of five years or their legal/useful life whichever is less.

(t) Research and Development

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the product

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

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Significant accounting policies (Continued...)

- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the products include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

(u) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(w) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(x) Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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Significant accounting policies (Continued...)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(y) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other financial liabilities in the balance sheet.

(ii) Other Long-term Employee Benefit Obligations

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The amount of non-current and current portions of leave obligation is normally determined by a qualified Actuary and presented accordingly.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund and Superannuation fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined Contribution Plans

The Company pays provident fund and superannuation fund contributions to Employee Provident Fund Account as per Employees Provident Fund Act, 1952 and a Life Insurance Corporation of India respectively. The Company has no further payment obligations once the contributions have been paid. The contributions

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

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Significant accounting policies (Continued...)

are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus Plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(vi) Share Based Payments

Share based compensation benefits are provided to the employees via Elgi Equipments Limited Employees Stock Option Plan, 2019, an employee stock option scheme.

The fair value of options granted under the Elgi Equipments Limited Employee Stock Option Plan, 2019 is recognised as an employee benefit expense with a corresponding increase in the equity. The total amount to be expensed is determined by reference to the fair value of the options granted,

- including any market performance conditions (e.g.,the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining of an employee of the entity over a specified time period) and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to hold the shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(z) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ab) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(ac) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

a) the profit attributable to owners of the Company

b) by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 46).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

a) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

b) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(ad) Exceptional Items

Exceptional items are those which in the management's judgement are material items that derive from events or transactions falling within the ordinary activities of the Company but are not expected to be recurring. The nature and amount of exceptional items are relevant to the users of the financial statements in understanding the financial position or performance of the Company. The same is presented separately in the statement of profit and loss (before tax) and balance sheet as applicable.

(ae) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of defined benefit obligation – **Note 26(a)**

Estimation of provision for warranty claims – **Note 26**

Estimation of impairment of investments in subsidiaries and joint ventures – **Note 6**

Impairment of trade receivables – **Note 12**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Canteen Equipments	Total	Capital Work in Progress
Year ended March 31, 2022									
Gross carrying amount									
Opening gross carrying amount	233.57	1,056.52	2,392.32	176.07	118.67	3.96	16.30	**3,997.41**	40.18
Additions	-	4.97	186.26	52.74	3.25	-	-	**247.22**	272.27
Disposals	(0.04)	(4.62)	-	(1.37)	(0.60)	-	-	**(6.63)**	-
Transfers	-	-	-	-	-	-	-	**-**	(247.22)
Closing gross carrying amount	**233.53**	**1,056.87**	**2,578.58**	**227.44**	**121.32**	**3.96**	**16.30**	**4,238.00**	**65.23**
Accumulated depreciation									
Opening accumulated depreciation	-	597.28	1,171.82	134.02	104.54	2.42	14.96	**2,025.04**	-
Depreciation charge for the year	-	67.96	241.04	26.09	5.86	0.44	0.49	**341.88**	-
Disposals	-	(2.77)	-	(1.37)	(0.60)	-	-	**(4.74)**	-
Closing accumulated depreciation	**-**	**662.47**	**1,412.86**	**158.74**	**109.80**	**2.86**	**15.45**	**2,362.18**	**-**
Net carrying amount	**233.53**	**394.40**	**1,165.72**	**68.70**	**11.52**	**1.10**	**0.85**	**1,875.82**	**65.23**
Year ended March 31, 2023									
Gross carrying amount									
Opening gross carrying amount	233.53	1,056.87	2,578.58	227.44	121.32	3.96	16.30	**4,238.00**	65.23
Additions	64.03	13.07	424.44	27.50	5.65	-	0.34	**535.03**	495.00
Disposals	(2.08)	(2.81)	(6.95)	(4.37)	(1.39)	(0.08)	-	**(17.68)**	-
Transfers	-	-	-	-	-	-	-	**-**	(535.03)
Closing gross carrying amount	**295.48**	**1,067.13**	**2,996.07**	**250.57**	**125.58**	**3.88**	**16.64**	**4,755.35**	**25.20**
Accumulated depreciation									
Opening accumulated depreciation	-	662.47	1,412.86	158.74	109.80	2.86	15.45	**2,362.18**	-
Depreciation charge for the year	-	64.61	251.67	33.84	5.36	0.38	0.35	**356.21**	-
Disposals	-	(1.65)	(4.48)	(4.34)	(1.35)	(0.08)	-	**(11.90)**	-
Closing accumulated depreciation	**-**	**725.43**	**1,660.05**	**188.24**	**113.81**	**3.16**	**15.80**	**2,706.49**	**-**
Net carrying amount	**295.48**	**341.70**	**1,336.02**	**62.33**	**11.77**	**0.72**	**0.84**	**2,048.86**	**25.20**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress (Continued...)

Notes

i) Property, plant and equipment pledged as security

Refer note 47 for information on property, plant and equipment pledged as security by the company.

ii) Contractual obligations

Refer to note 44(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

iv) Title deeds of immovable properties not held in name of the company

The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 3(a) and 4 to the financial statements, are held in the name of the company.

The title to the properties in Arasur Village are held in the name of the Company as per the title deeds. In these properties, a portion in SF No-100/1 was incorrectly claimed by an individual and a connected litigation filed by him was dismissed in the Company's favour. The Company has now initiated action for removing the Individual's name from the sub registrar's records.

v) Capital work-in-progress

Capital work-in-progress mainly comprises of additions to plant & machinery under construction.

(a) *Ageing of Capital work-in-progress*

Particulars	Amounts in Capital work-in-progress for				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2023					
(i) Projects in Progress	14.56	4.52	2.11	4.01	**25.20**
Year ended March 31, 2022					
(i) Projects in Progress	34.36	5.41	13.87	11.59	**65.23**

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	To be completed in				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2023					
(i) Projects in Progress					
Assembly and testing line automation	5.02	-	-	-	**5.02**
Year ended March 31, 2022					
(i) Projects in Progress					
Self-constructed Machine	44.54	-	-	-	**44.54**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

3(b) Right of use assets and Lease liabilities

This note provides information for leases where the Company is a lessee.

The Company leases various offices and warehouses. Rental contracts are typically made for fixed periods of 11 months to 7 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

i) Amounts recognised in the balance sheet

The balance sheet shows following amounts relating to leases:

Right of use assets

Particulars	March 31, 2023			March 31, 2022		
	Land	Building	Total	Land	Building	Total
Gross carrying amount	14.24	37.41	51.65	2.60	37.41	40.01
Accumulated depreciation	(2.74)	(25.38)	(28.12)	(0.31)	(19.04)	(19.35)
Net carrying amount	**11.50**	**12.03**	**23.53**	**2.29**	**18.37**	**20.66**

Additions to the gross carrying amount of right of use assets are ₹11.64 million and ₹Nil and Disposals to the gross carrying amount of right of use assets are ₹Nil and ₹1.15 million for March 31, 2023 and March 31, 2022, respectively.

Lease Liabilities

Particulars	March 31, 2023	March 31, 2022
Current	9.24	6.66
Non-Current	17.29	16.67
	26.53	**23.33**
Reconciliation: **Opening balance**	**23.33**	**30.13**
Add: New leases recognised during the year (non-cash in nature)	11.64	-
Less: Termination of lease contracts	-	(0.54)
Less: Payment of lease liabilities	(8.44)	(6.26)
Closing balance	**26.53**	**23.33**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

3(b) Right of use assets and Lease liabilities (Continued...)

ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

Particulars	March 31, 2023	March 31, 2022
Depreciation of Right of use assets		
-Land	2.43	0.10
-Buildings	6.34	6.47
	8.77	**6.57**

Particulars	March 31, 2023	March 31, 2022
Interest expense (included in finance cost)	2.84	2.41
Expenses relating to short term leases (included in Other expenses)	13.03	13.87

(iii) Cash outflow

The total cash outflow for leases is ₹24.31 million and ₹22.54 million for the year ended March 31, 2023 and March 31, 2022, respectively.

(iv) Extension and termination options

Extension and termination options are included in a number of property leases. The majority of extension and termination options held are exercisable only by the Company and not by respective lessor.

(v) Critical judgements in determining lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4 Investment properties

	March 31, 2023			March 31, 2022		
Particulars	**Land**	**Buildings**	**Total**	Land	Buildings	Total
Gross carrying amount						
Opening gross carrying amount	46.25	12.53	58.78	46.25	12.53	58.78
Disposal	-	(0.93)	(0.93)	-	-	-
Closing gross carrying amount	**46.25**	**11.60**	**57.85**	**46.25**	**12.53**	**58.78**
Accumulated depreciation						
Opening accumulated depreciation	-	4.14	4.14	-	3.74	3.74
Depreciation charge for the year	-	0.36	0.36	-	0.40	0.40
Disposal	-	(0.60)	(0.60)	-	-	-
Closing accumulated depreciation	-	**3.90**	**3.90**	-	**4.14**	**4.14**
Net carrying amount	**46.25**	**7.70**	**53.95**	**46.25**	**8.39**	**54.64**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

4 Investment properties (Continued...)

(i) Amounts recognised in profit or loss for investment properties

Particulars	March 31, 2023	March 31, 2022
Rental income	11.59	19.36
Direct operating expenses from property that generated rental income	(1.60)	(1.05)
Profit from investment properties before depreciation	**9.99**	**18.31**
Depreciation charge for the year	(0.36)	(0.40)
Profit from investment property	**9.63**	**17.91**

(ii) Fair Value

Particulars	March 31, 2023			March 31, 2022		
	Land	Buildings	Total	Land	Buildings	Total
Investment property	1,034.64	204.98	**1,239.62**	954.20	204.62	**1,158.82**

Estimation of Fair Value

The Company obtained independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by "S. Pichaiya & associates", who is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

(iii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term.

Minimum lease payments receivable on leases of investment properties are as follows:

Particulars	March 31, 2023*	March 31, 2022
Within 1 year	–	5.89
Between 1 and 2 years	–	5.89
Between 2 and 3 years	–	-
	–	**11.78**

*Property vacation notice served on the tenant as at March 31, 2023.

(iv) Investment properties pledged as security

Refer note 47 for information on property, plant and equipment pledged as security by the company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

5 Goodwill and Other intangible assets

Particulars	Computer software	Drawings	Total intangible assets	Goodwill
Year ended March 31, 2022				
Gross carrying amount				
Opening gross carrying amount	104.88	24.75	129.63	1.23
Additions	6.24	-	6.24	-
Disposal	-	-	-	-
Closing gross carrying amount	**111.12**	**24.75**	**135.87**	**1.23**
Accumulated depreciation				
Opening accumulated depreciation	67.90	8.67	76.57	-
Amortisation charge for the year	13.89	4.94	18.83	-
Disposal	-	-	-	-
Closing accumulated depreciation	**81.79**	**13.61**	**95.40**	**-**
Net carrying amount	**29.33**	**11.14**	**40.47**	**1.23**
Year ended March 31, 2023				
Gross carrying amount				
Opening gross carrying amount	111.12	24.75	135.87	1.23
Additions	6.56	-	6.56	-
Disposal	-	-	-	-
Closing gross carrying amount	**117.68**	**24.75**	**142.43**	**1.23**
Accumulated depreciation				
Opening accumulated depreciation	81.79	13.61	95.40	-
Amortisation charge for the year	13.32	4.94	18.26	-
Disposal	-	-	-	-
Closing accumulated depreciation	**95.11**	**18.55**	**113.66**	**-**
Net carrying amount	**22.57**	**6.20**	**28.77**	**1.23**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

6 Financial assets – Investments (non-current)

Particulars	No. of Shares	Face Value Per Share	March 31, 2023	March 31, 2022
(i) Investments in Equity Instruments (fully paid-up) (Unquoted) *At cost*				
Investment In Subsidiaries (wholly owned)				
ATS Elgi Limited	90,000	₹ 10/-	180.90	180.90
Elgi Gulf-FZE	1,50,000	AED 1/-	1.78	1.78
Elgi Compressor Do Brasil IMP.E.EXP.LTDA	3,56,440	BRL 1/-	–	–
Elgi Equipments Australia Pty Limited	100		0.01	0.01
Elgi Compressors Italy S.R.L.	25,55,000	€ 1/-	292.64	292.64
Elgi Compressors Europe S.R.L.	50,000	€ 1/-	4.51	4.51
Elgi Compressors USA Inc. (common stock without par value)	1,000		1,057.76	1,057.76
PT Elgi Equipments Indonesia	99.71%		19.00	19.00
Ergo Design Private Limited	10,000	₹ 1/-	0.10	0.10
Adisons Precision Instruments Manufacturing Company Limited	10,91,500	₹ 10/-	125.61	125.61
Elgi Compressors (M) SDN. BHD	10,00,100	RM 1/-	17.89	17.89
Industrial Air Compressors Pty Ltd	120	AUD 1/-	0.01	0.01
Investment In Joint Ventures				
Elgi Sauer Compressors Ltd [Share 26%]	1,68,994	₹ 10/–	1.69	1.69
(ii) Investment In Limited Liability Partnership *At cost*				
Industrial Air Solutions LLP	–	–	4.00	4.00

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

6 Financial assets – Investments (non-current) (Continued...)

Particulars	No. of Shares	Face Value Per Share	March 31, 2023	March 31, 2022
(iii) Investment in Equity Instruments (fully paid-up) *At Fair Value through Other Comprehensive Income* **(Quoted)**				
Lakshmi Machine Works Ltd	50	₹ 10/-	0.50	0.48
State Bank of India	3,600	₹ 1/-	1.89	1.78
HDFC Bank Limited	5,000	₹ 1/-	8.05	7.35
Housing Development Finance Corp. Ltd.	12,000	₹ 2/-	31.53	28.66
Magna Electro Castings Ltd	66,454	₹ 10/-	18.48	13.27
Rajshree Sugars & Chemicals Ltd	2,29,000	₹ 10/-	8.82	7.53
Pricol Ltd	1,21,172	₹ 1/-	25.11	15.76
L.G.Balakrishnan & Bros.Ltd.	4,992	₹ 10/-	3.70	2.68
LGB Forge Limited	18,720	₹ 1/-	0.16	0.20
Elgi Rubber Company Limited	7,63,700	₹ 1/-	22.32	30.20
(Unquoted)				
First Energy TN1 Pvt Ltd	14,40,000	₹ 10/-	14.40	-
Total			**1,840.86**	**1,813.81**
Aggregate amount of quoted investments and market value thereof			120.56	107.91
Aggregate amount of unquoted investments			1,720.30	1,705.90

The Company assesses the indicators of impairment of investments in subsidiaries and joint ventures as per the requirement of Ind AS 36 at least on an annual basis. The carrying value of investments (including guarantees) being less than the networth of the subsidiary is an indicator of potential impairment. The Company has performed detailed impairment assessment and concluded that there is no impairment of carrying value of investments.

Details of crypto currency or virtual currency
The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

7 Loans (Non-current)

Particulars	March 31, 2023	March 31, 2022
Unsecured, considered good		
Loans to subsidiary (refer note 41 & 50)	579.32	534.25
Loans to employees	49.26	68.30
	628.58	**602.55**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

7 Loans (Non-current) (Continued...)

Disclosure required as per Section 186

The company has advanced loans to its subsidiary-Elgi Compressors USA Inc. to fund the business acquisition and additional working capital requirements. The loans are repayable by March 31, 2025 and carry interest rates which are at par with the prevailing market rates.

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

Loans to specified persons

		March 31, 2023		March 31, 2022	
Type of Borrower	**Repayment terms**	**Amount of loan or advance in the nature of loan outstanding**	**Percentage to the total Loans and Advances in the nature of loans**	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Related Parties	Repayable by March 31, 2025	579.32	87.26%	534.25	85.36%

8 Other financial assets (Non-current)

Particulars	March 31, 2023	March 31, 2022
Security deposits	32.51	32.00
	32.51	**32.00**

9 Current tax assets/ (Current tax liabilities)-(Net)

Opening balance	(158.91)	(139.09)
Add: Tax paid (net of refund received)	908.46	647.37
Less: Current tax payable on gain on sale of treasury shares recognised directly in retained earnings.	-	(3.82)
Less: Current tax payable for the year	(850.33)	(663.37)
Current tax assets/ (Current tax liabilities)-(Net)*	**(100.78)**	**(158.91)**

*net of advance tax ₹ 87.08 million (March 31, 2022- ₹ 61.25 million).

10 Other non-current assets

Capital advances	50.87	75.44
	50.87	**75.44**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

11 Inventories

Particulars	March 31, 2023	March 31, 2022
(a) Raw materials and components*	1,078.25	984.71
(b) Work-in-progress	88.42	113.35
(c) Finished goods	284.80	418.45
(d) Stock-in-trade*	132.00	117.86
(e) Stores and spares (including packing materials)	55.00	43.06
(f) Loose tools	35.02	38.37
	1,673.49	**1,715.80**

*Include goods in-transit ₹84.07 million and ₹80.38 million as on March 31, 2023 and March 31, 2022, respectively.

Notes:

a) The cost of inventories recognised as an expense includes ₹ Nil (March 31, 2022- ₹ 44.66 million) in respect of provision for slow moving inventories and has been reduced by ₹ 23.15 million (March 31, 2022- Nil) in respect of reversal of such provisions.

b) Raw materials, Work in progress and Finished goods include R&D inventory.

12 Trade receivables

Unsecured, considered good	4,473.16	4,278.91
Unsecured, credit impaired	27.68	25.32
	4,500.84	**4,304.23**
Less : Loss allowances (refer note 39A(iii)(b))	(65.70)	(59.72)
	4,435.14	**4,244.51**

Ageing of trade receivables:

Particulars	Not due	Outstanding for following periods from the due date					Loss allowances	Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2023								
Undisputed trade receivables – considered good	4,054.83	323.11	37.69	24.51	20.50	12.52	(38.02)	4,435.14
Undisputed trade receivables – credit impaired	-	-	-	-	3.09	11.37	(14.46)	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	0.92	-	-	12.30	(13.22)	-
Total trade receivables	**4,054.83**	**323.11**	**38.61**	**24.51**	**23.59**	**36.19**	**(65.70)**	**4,435.14**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

12 Trade receivables (Continued...)

Particulars	Not due	Outstanding for following periods from the due date					Loss allowances	Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2022								
Undisputed trade receivables – considered good	3,929.13	257.92	29.56	30.99	23.25	8.06	(34.40)	4,244.51
Undisputed trade receivables – credit impaired	-	-	-	-	0.91	11.76	(12.67)	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	12.65	(12.65)	-
Total trade receivables	**3,929.13**	**257.92**	**29.56**	**30.99**	**24.16**	**32.47**	**(59.72)**	**4,244.51**

Note : Loss allowance includes provision of ₹38.02 million (March 31, 2022: ₹34.40 million) made on account of expected credit loss on trade receivables. Also, for receivables from related parties refer note 41.

13 Cash and cash equivalents

Particulars	March 31, 2023	March 31, 2022
(a) Cash on hand	0.01	0.01
(b) Funds in transit	18.01	30.95
(c) Balance with banks		
- In current accounts	208.71	83.96
- In EEFC accounts	30.49	41.40
- In deposit accounts (with original maturity of 3 months or less)	261.96	392.64
	519.18	**548.96**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

14 Bank balances other than cash and cash equivalents

- In deposit accounts (with original maturity period of more than 3 months but remaining maturity less of than 12 months)*	2,018.00	627.41
- In Unspent CSR account**	9.06	-
- In unclaimed dividend account***	7.79	7.35
	2,034.85	**634.76**

*Includes margin money deposit of ₹8 million and ₹249.16 million as at March 31, 2023 and March 31, 2022, respectively.

**Earmarked for ongoing CSR projects, refer note 36(b).

***Earmarked for payment of unclaimed dividend.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

15 Deposits with financial institutions

Particulars	March 31, 2023	March 31, 2022
Deposits with Housing Development Finance Corp. Ltd. (HDFC Limited)	1,850.00	400.00
	1,850.00	**400.00**

16 Loans (Current)

Loans considered good – Unsecured		
Loan to employees	35.35	23.30
	35.35	**23.30**

17 Other financial assets (Current)

Particulars	March 31, 2023	March 31, 2022
Derivatives not designated as hedges		
Foreign exchange forward contract	-	17.00
Others		
Interest accrued	104.02	65.14
Others	56.54	48.07
	160.56	**130.21**

18 Other current assets

Particulars	March 31, 2023	March 31, 2022
Income/refund receivable	10.41	39.38
Prepaid expenses	128.24	118.17
Balance with Government authorities	4.98	18.73
Rent advances	6.85	7.24
Advance to suppliers	64.47	49.55
Others	62.90	35.80
	277.85	**268.87**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

19 Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹ 1 each		
At April 1, 2021	**320.00**	**320.00**
Increase during the year	–	–
At March 31, 2022	**320.00**	**320.00**
Increase during the year	–	–
At March 31, 2023	**320.00**	**320.00**

(ii) Issued, Subscribed and fully paid up:

Particulars	Number of shares (in millions)	Equity share capital (par value)
Equity shares of ₹ 1 each		
At April 1, 2021	**316.91**	**316.91**
Increase during the year	–	–
At March 31, 2022	**316.91**	**316.91**
Increase during the year	–	–
At March 31, 2023	**316.91**	**316.91**

Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of ₹1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. During the year ended March 31, 2023, the amount of Final dividend per share recognised as distributions to equity shareholders is ₹1.15 per share (March 31, 2022: ₹0.80 per share).

(iii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date:

Particulars	Number of shares (in millions)
Equity shares allotted as fully paid up bonus shares by capitalizing a part of the securities premium during the year ended March 31, 2021	158.46

On September 28, 2020, the Company allotted bonus equity shares of ₹1/- each, credited as fully paid up equity shares to the holders of the existing equity shares of the Company in the proportion of one equity share of the Company for every one existing equity shares of the Company, by way of capitalizing a part of the securities premium account of the Company.

Also, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively for the above-mentioned bonus issue.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

19 Equity share capital (Continued...)

(iv) Details of shareholders holding more than 5% shares in the company

Particulars	March 31, 2023		March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Private Limited	5,33,86,780	16.85%	5,33,86,780	16.85%
Mr. Jairam Varadaraj	2,82,21,616	8.91%	2,82,21,616	8.91%
Pari Washington India Master Fund, Ltd.	2,55,71,791	8.07%	2,60,33,001	8.21%
Gagandeep Credit Capital Pvt. Limited	1,52,01,200	4.80%	1,63,05,150	5.15%

(v) Details of shareholding of promoters

Promoter Name	March 31, 2023		March 31, 2022		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Jairam Varadaraj	2,82,21,616	8.91	2,82,21,616	8.91	–
Anvar Jay Varadaraj	19,25,248	0.61	19,25,248	0.61	–
Varun Jay Varadaraj	19,16,684	0.60	19,16,684	0.60	–
Maya Jay Varadaraj	19,16,648	0.60	19,16,648	0.60	–
Sudarsan Varadaraj	2,04,984	0.06	2,83,572	0.09	(0.03)
Vanitha Mohan*	–	–	1,36,440	0.04	(0.04)
Uday Balaji*	–	–	1,28,020	0.04	(0.04)
Gayathri Balaji*	–	–	81,226	0.03	(0.03)
Harsha Varadaraj	80,000	0.03	80,000	0.03	–
Varshini Varadaraj	1,58,588	0.05	80,000	0.03	0.02
T Balaji	68,500	0.02	68,500	0.02	–
Viren Mohan*	–	–	39,960	0.01	(0.01)
Vinay Balaji*	–	–	22,376	0.01	(0.01)
Dark Horse Portfolio Investment Private Limited**	5,33,86,780	16.85	5,33,86,780	16.85	–
Elgi Ultra Industries Limited**	1,03,10,972	3.25	1,03,10,972	3.25	–
Elgi Rubber Company Limited	6,64,160	0.21	6,64,160	0.21	–
Total	**9,88,54,180**	**31.19**	**9,92,62,202**	**31.33**	**(0.14)**

*Reclassified from promoter group with effect from July 06, 2022 based on the approval from stock exchanges of application filed under Regulation 31A of SEBI (Listing obligations and Disclosure requirements) Regulations, 2015.

**Considered as Core investment companies in the group based on the definition specified in 3(1)(v) of the RBI Master directions- Core investment Companies (Reserve Bank) Directions 2016.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity

Particulars	March 31, 2023	March 31, 2022
Reserves & Surplus		
Capital reserve	181.41	181.41
Securities premium	250.92	250.92
Statutory reserve	5.49	5.49
General reserve	1,140.60	1,140.60
Share options outstanding account	17.63	12.66
Retained earnings	10,305.70	7,956.07
Treasury stock	(97.86)	(112.74)
Other reserves		
FVOCI – Equity instruments	99.20	89.90
	11,903.09	**9,524.31**
a) Capital reserve		
Opening balance	181.41	181.41
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**181.41**	**181.41**
b) Securities Premium		
Opening balance	250.92	250.92
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**250.92**	**250.92**
c) Statutory reserve		
Opening balance	5.49	5.49
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**5.49**	**5.49**
d) General reserve		
Opening balance	1,140.60	1,140.60
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**1,140.60**	**1,140.60**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity (Continued...)

Particulars	March 31, 2023	March 31, 2022
e) Share options outstanding account		
Opening balance	12.66	3.02
Employee stock option expense	12.36	9.64
Forfeiture of shares- recharged on subsidiaries	(3.93)	–
Exercise of shares under ESOP scheme	(2.37)	–
Transfer to Retained earnings	(1.09)	–
Closing balance	**17.63**	**12.66**
f) Retained earnings		
Opening balance	7,956.07	6,247.48
Net profit for the year	2,724.78	1,893.51
Item of other comprehensive income recognised directly in retained earnings		
– Remeasurement of post–employment benefit obligation, net of tax	(11.79)	17.38
–Transfer to retained earnings of gain on sale of Treasury shares	-	54.80
–Income tax on gain on sale of Treasury shares	-	(3.82)
–Transfer from share options outstanding account	1.09	-
Appropriations:		
Dividend on equity shares	(364.45)	(253.28)
Closing balance	**10,305.70**	**7,956.07**
g) Treasury stock		
Opening balance	(112.74)	(55.44)
Sale of treasury stock	-	11.40
Purchase of shares for ESOP scheme	-	(68.70)
Exercise of shares under ESOP scheme	14.88	-
Closing balance	**(97.86)**	**(112.74)**
h) Other Reserves		
FVOCI – Equity instruments		
Opening balance	89.90	66.81
Change in fair value of FVOCI equity instruments (net of tax)	9.30	23.09
Closing balance	**99.20**	**89.90**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity (Continued...)

Nature and purpose of other reserves

Capital reserve

Represents profit of a capital nature which is not available for distribution as dividend.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Represents reserve created for statutory purpose not available for distribution as dividend.

General reserve

This is available for distribution to shareholders.

Retained earnings

Company's share of cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve.

Treasury stock

Represents the purchase value of shares of the Company held by Elgi Equipments Limited Employee Stock Option Trust as given below:

Particulars	No. of Shares	Amount
As at March 31, 2023		
Elgi Equipments Limited Employee Stock Option Trust	4,77,500	97.86
	4,77,500	**97.86**
As at March 31, 2022		
Elgi Equipments Limited Employee Stock Option Trust	6,02,500	112.74
	6,02,500	**112.74**

Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Elgi Equipments Limited Employee Stock Option Plan, 2019.

FVOCI Equity investments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

21 Provisions (Non-current)

Particulars	March 31, 2023	March 31, 2022
Provision for compensated absences (Refer note 26(a))	87.82	69.59
	87.82	**69.59**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

22 Deferred tax (assets)/liabilities (net)

Particulars	March 31, 2023		March 31, 2022	
	Deferred tax (asset)	Deferred tax liabilities	Deferred tax (asset)	Deferred tax liabilities
Depreciation	(2.60)	–	–	2.87
Right of use assets	–	5.92	–	5.20
Provision for compensated absences	(28.00)	–	(22.71)	–
Provision for warranty	(43.96)	–	(30.18)	–
Allowance for doubtful debts	(16.54)	–	(15.03)	–
Lease liabilities	(6.65)	–	(5.87)	–
Foreign exchange forward contracts	(4.02)	–	–	4.28
VRS	(8.00)	–	(5.85)	–
Equity Instruments- FVOCI	–	3.35	–	–
Other timing differences	(2.22)	–	–	0.52
	(111.99)	**9.27**	(79.64)	12.87
Net deferred tax (assets)/liabilities		**(102.72)**		(66.77)

Movements in deferred tax (assets)/liabilities

Particulars	Depreciation	Provision for compensated absences	Provision for warranty	Allowance for doubtful debts	Right of use assets	Lease liabilities	Foreign exchange forward contracts	VRS	Equity Instruments-FVOCI	Other timing differences	Total
At April 01, 2021	**26.21**	**(17.05)**	**(22.38)**	**(13.78)**	**6.99**	**(7.58)**	**6.18**	**(7.95)**	–	**0.20**	**(29.16)**
Charged/(credited):											
– to profit or loss	(23.34)	(5.66)	(7.80)	(1.25)	(1.79)	1.71	(1.90)	2.10	–	0.32	**(37.61)**
– to other comprehensive income	–	–	–	–	–	–	–	–	–	–	–
At March 31, 2022	**2.87**	**(22.71)**	**(30.18)**	**(15.03)**	**5.20**	**(5.87)**	**4.28**	**(5.85)**	–	**0.52**	**(66.77)**
Charged/(credited):											
– to profit or loss	(5.47)	(5.29)	(13.78)	(1.51)	0.72	(0.78)	(8.30)	(2.15)	–	(2.74)	**(39.31)**
– to other comprehensive income	–	–	–	–	–	–	–	–	3.35	–	**3.35**
At March 31, 2023	**(2.60)**	**(28.00)**	**(43.96)**	**(16.54)**	**5.92**	**(6.65)**	**(4.02)**	**(8.00)**	**3.35**	**(2.22)**	**(102.72)**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

23 Borrowings (Current)

Particulars	March 31, 2023	March 31, 2022
Packing credit loans		
Secured		
– from Banks	300.00	–
Unsecured		
– from Banks	600.00	–
Interest accrued and due on borrowings	3.68	–
	903.68	–

Secured borrowings and assets pledged as security:

a) The packing credit loans from Bank are secured by a charge on stocks and receivables of the Company and a pari passu charge on specific land & building of the Company.

Also refer note 47 for value of assets pledged as security.

b) The packing credit loans from Bank are repayable within 180 days from the date of borrowing. The borrowings carry an interest rate linked to Repo rate/T-bills plus agreed spread after reduction of eligible interest subsidy under Interest Equalisation Scheme of Reserve Bank of India.

c) There are no defaults in the repayments of above borrowings during the year. Also refer note 47 for undrawn facilities secured by charges on assets.

d) The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

e) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	March 31, 2023	March 31, 2022
Current borrowings (refer note 23)	900.00	–
Interest accrued and due on borrowings (refer note 23)	3.68	–
Lease liabilities (refer note 3(b))	26.53	23.33
Cash and cash equivalents (refer note 13)	(519.18)	(548.96)
Deposits with banks and financial institutions (refer note 14 and 15)-excluding restricted balances.	(3,868.00)	(1,027.41)
	(3,456.97)	**(1,553.04)**
Reconciliation:		
Opening net cash	**(1,553.04)**	**(854.34)**
Cash flows	(1,910.81)	(690.96)
Acquisitions - Leases (Non-cash in nature)	11.64	–
Termination of Lease Contracts	–	(0.54)
Cash outflows relating to payment of lease liabilities	(8.44)	(6.26)
Interest expense	54.47	16.43
Interest paid	(50.79)	(17.37)
Closing net cash	**(3,456.97)**	**(1,553.04)**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

24 Trade payables

Particulars	March 31, 2023	March 31, 2022
Due to micro enterprises and small enterprises (refer note 45)	275.73	395.27
Due to creditors other than micro enterprises and small enterprises	1,384.38	1,522.71
	1,660.11	**1,917.98**

Note: Trade payable to related parties- refer note-41

Ageing of trade payables:

		Outstanding for following periods from the due date of payment					
Particulars	**Not due**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Unbilled**	**Total**
As at March 31, 2023							
Undisputed							
Outstanding dues to micro and small enterprises	269.03	0.75	-	-	-	5.95	**275.73**
Outstanding dues to others	942.08	155.97	8.80	1.93	1.45	274.15	**1,384.38**
Total trade payables	**1,211.11**	**156.72**	**8.80**	**1.93**	**1.45**	**280.10**	**1,660.11**
As at March 31, 2022							
Undisputed							
Outstanding dues to micro and small enterprises	389.34	-	-	-	-	5.93	**395.27**
Outstanding dues to others	1,031.34	152.10	4.57	6.81	19.16	308.73	**1,522.71**
Total trade payables	**1,420.68**	**152.10**	**4.57**	**6.81**	**19.16**	**314.66**	**1,917.98**

25 Other financial liabilities

Particulars	March 31, 2023	March 31, 2022
Derivatives not designated as hedges		
Foreign exchange forward contracts	15.98	-
Others		
Unclaimed dividends	7.79	7.35
Dealer deposits	23.21	22.30
Employee benefit expenses payable	262.91	223.50
Capital creditors	28.02	19.35
Others	36.60	10.07
	374.51	**282.57**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

26 Provisions (current)

Particulars	March 31, 2023	March 31, 2022
Provision for warranty	174.66	119.91
Provision for compensated absences (refer note 26(a)(i))	25.24	20.98
Provision for gratuity (refer note 26(a)(iii))	39.74	1.09
	239.64	**141.98**

(i) Information about individual provisions and significant estimates

Provision for Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

Provision for Warranty

Particulars	March 31, 2023	March 31, 2022
Opening	**119.91**	**88.91**
Additional provisions recognised	174.66	119.91
Amounts utilised/reversed during the year	(119.91)	(88.91)
Closing	**174.66**	**119.91**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations

(i) Leave obligations

The leave obligations cover the Company's liability for earned leave and sick leave.

a) The total provision for compensated absences amounts to ₹113.06 million and ₹90.57 million for March 31, 2023 & March 31, 2022 respectively.

The provision amount of ₹25.24 million (March 31, 2022: ₹20.98 million) is presented as current, since the Company expects to settle the full amount of current leave obligation in the next 12 months.

The above total provision includes sick leave provision amounting to ₹21.66 million and ₹11.51 million for year ended March 31, 2023 and March 31, 2022, respectively.

Out of the total sick leave provision, the provision amount of ₹4.07 million (March 31, 2022: ₹2.13 million) is presented as current, calculated based on expected availment by the employees within next 12 months.

Particulars	March 31, 2023	March 31, 2022
Leave obligations not expected to be settled within next 12 months for earned leave and sick leave	87.82	69.59

(ii) Defined contribution plans

Provident Fund:

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Superannuation Fund:

The Company contributes a percentage of eligible employees salary towards superannuation fund administered by Elgi Equipments Superannuation Fund and managed by Life Insurance Corporation of India.

The expense recognised during the period towards defined contribution plan is ₹90.65 million (March 31, 2022 – ₹85.43 million).

(iii) Post-employment benefit obligations – Gratuity

The Company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is a funded plan and the Company makes contribution to recognised fund in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations (Continued...)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
April 01, 2021	**277.06**	**266.65**	**10.41**
Current service cost	22.28	-	22.28
Past service cost	-	-	-
Interest expense/income	18.64	16.71	1.93
Total amount recognised in profit or loss	**40.92**	**16.71**	**24.21**
Remeasurements			
(Gain)/loss from change in demographic assumptions*	(0.18)	-	(0.18)
(Gain)/loss from change in financial assumptions*	(7.73)	(1.04)	(6.69)
Experience (gains)/losses	(14.01)	2.34	(16.35)
Total amount recognised in other comprehensive income	**(21.92)**	**1.30**	**(23.22)**
Employer contributions	-	10.31	(10.31)
Benefit payments	(22.71)	(22.71)	-
March 31, 2022	**273.35**	**272.26**	**1.09**
*to be construed as gain/(loss) for column 'B'.			
April 01, 2022	**273.35**	**272.26**	**1.09**
Current service cost	21.91	-	21.91
Past service cost	-	-	-
Interest expense/income	19.28	17.65	1.63
Total amount recognised in profit or loss	**41.19**	**17.65**	**23.54**
Remeasurements			
(Gain)/loss from change in demographic assumptions*	-	-	-
(Gain)/loss from change in financial assumptions*	(7.65)	1.28	(8.93)
Experience (gains)/losses	23.55	(1.14)	24.69
Total amount recognised in other comprehensive income	**15.90**	**0.14**	**15.76**
Employer contributions	-	0.65	(0.65)
Benefit payments	(34.54)	(34.54)	-
March 31, 2023	**295.90**	**256.16**	**39.74**

*to be construed as gain/(loss) for column 'B'.

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	March 31, 2023	March 31, 2022
Present value of funded obligations	295.90	273.35
Fair value of plan assets	256.16	272.26
Deficit of funded plan	**39.74**	**1.09**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations (Continued...)

(iv) Post-employment benefits

The significant actuarial assumptions were as follows

Particulars	March 31, 2023	March 31, 2022
Discount Rate	7.40%	6.90%
Rate of increase in compensation levels	6.50%	6.50%
Attrition Rate	8.00%	8.00%

(v) Sensitivity Analysis

Particulars	March 31, 2023	March 31, 2022
A. Discount Rate + 50 BP	7.90%	7.40%
Defined Benefit Obligation [PVO]	288.63	266.38
B. Discount Rate - 50 BP	6.90%	6.40%
Defined Benefit Obligation [PVO]	303.55	281.44
C. Salary Escalation Rate +50 BP	7.00%	7.00%
Defined Benefit Obligation [PVO]	302.29	280.21
D. Salary Escalation Rate -50 BP	6.00%	6.00%
Defined Benefit Obligation [PVO]	289.77	267.48

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (Present Value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) Major Category of Plan Assets as a % of total Plan Assets

Particulars	March 31, 2023	March 31, 2022
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Risk exposure

The Company operates the Gratuity Plan through Elgi Equipments Gratuity Fund, which invests in Life Insurance Corporation of India.

Asset Volatility: A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the Company is not exposed to the risk of asset volatility as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations (Continued...)

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 7.31 years (March 31, 2022 – 7.75 years).

The following payments are expected contribution to defined benefit obligation in the future years.

Particulars	March 31, 2023	March 31, 2022
Within next 12 months (next annual reporting period)	66.56	55.88
Between 1 to 2 years	40.16	33.07
Between 2 to 5 years	130.46	120.40
Beyond 5 years	190.30	180.27
	427.48	**389.62**

27 Other current liabilities

Contract liabilities	135.39	143.06
Statutory payable	73.54	34.89
Rental advances received	1.50	1.50
	210.43	**179.45**

Contract liabilities includes advance received from customers and income received in advance arising due to allocation of transaction price towards freight on shipments not yet delivered to customer.

28 Revenue from operations

Revenue from contracts with customers		
The Company derives following types of revenue:		
– Sale of products	16,701.36	15,055.74
– Sale of services	714.16	635.01
Other operating revenues	150.83	135.15
	17,566.35	**15,825.90**

a) Disaggregation of Revenue information:

The table below represents disaggregated revenue from contracts with customers by geography, the Company believes that disaggregation best depicts how the nature and cash flows are effected by industry, market and other economic factors.

Geography	March 31, 2023	March 31, 2022
India	12,288.64	11,614.00
Outside India	5,277.71	4,211.90
	17,566.35	**15,825.90**

b) Revenue recognised for the year ended March 31, 2023 from opening balance of contract liabilities is ₹124.52 million (March 31, 2022: ₹78.19 million).

c) In respect of remaining performance obligations, the disclosure towards allocation of transaction price do not arise as the contracts that have an original expected duration of more than one year are not significant.

d) Revenue from no single external customer contributes to more than 10% of the total revenue.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

29 Other Income

Particulars	March 31, 2023	March 31, 2022
Interest income - Bank Deposits	168.45	61.19
Interest income - Others	38.02	38.02
Financial guarantee commission	10.31	8.22
Dividend income*	161.06	74.41
Profit on sale of assets and investment property	104.23	38.49
Share of profit from partnership firm	12.00	5.00
Rental receipts	18.91	25.44
Net gain on foreign currency transaction and translation (other than considered as finance cost)	231.85	161.45
Miscellaneous income (net)	88.81	44.58
	833.64	**456.80**

* All dividends from equity investments designated at FVOCI relate to investments held at the end of reporting period. There were no investments derecognised during the reporting period.

30 Cost of material consumed

Opening stock of raw materials*	977.13	895.20
Purchases	8,281.79	8,512.22
	9,258.92	**9,407.42**
Less: Inventory of materials at the end of the year*	1,057.92	977.13
	8,201.00	**8,430.29**

*Excluding R&D inventory.

31 Purchases of stock-in-trade

Oil	352.33	327.17
Others*	1,176.60	984.16
	1,528.93	**1,311.33**

*consists of numerous items which are individually insignificant.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

32 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	March 31, 2023	March 31, 2022
Opening inventory*		
- Finished goods	402.66	228.86
- Work-in-progress	109.26	52.48
- Stock-in-trade	117.86	99.60
Closing inventory*		
- Finished goods	265.83	402.66
- Work-in-progress	83.63	109.26
- Stock-in-trade	132.00	117.86
	148.32	**(248.84)**

*Excluding R&D inventory.

33 Employee benefits expense

Salaries, wages and bonus	1,680.72	1,463.43
Contribution to Provident fund & Superannuation scheme	90.65	85.43
Gratuity (refer note 26(a))	23.54	24.21
Employee stock option expense (refer note 42)	10.15	6.16
Voluntary Retirement scheme (VRS)	26.81	1.47
Staff welfare expenses	103.02	115.41
	1,934.89	**1,696.11**

Note: For managerial remuneration refer note 41.

34 Finance costs

Interest expenses- related to lease liabilities	2.84	2.41
Interest expenses- on other financing arrangements	51.63	14.02
	54.47	**16.43**

35 Depreciation and amortisation expenses

Depreciation of property, plant and equipment	356.21	341.88
Depreciation on investment properties	0.36	0.40
Depreciation of right of use assets	8.77	6.57
Amortisation of intangible assets	18.26	18.83
	383.60	**367.68**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

36 Other expenses

Particulars	March 31, 2023	March 31, 2022
Packing & forwarding	208.50	200.31
Consumption of stores	95.79	91.65
Tools consumed	72.38	69.54
Commission	116.15	116.14
Repairs and maintenance		
Building	41.41	35.72
Plant and machinery	67.77	67.70
Others	29.30	26.17
Communication expenses	12.35	11.07
Power and fuel	194.10	171.06
Transport charges	613.44	552.83
Travelling & conveyance	152.99	94.62
Insurance	19.78	18.70
Advertisement & publicity	51.91	29.51
Printing and stationery	10.93	10.14
Research & Development material cost (refer note 48)	44.00	52.78
After sales expenses	276.06	183.69
Factory expenses	28.01	20.84
Rates and taxes	12.57	9.71
Payment to the auditors (refer note 36(a) below)	7.36	5.25
Subscription & membership	7.39	6.58
CSR expenses (refer note 36(b) below)	31.90	25.21
Donation	37.17	0.17
Rent	13.03	13.87
Legal and consultancy charges	197.42	152.60
Contract staffing	122.67	116.08
Directors' sitting fees	1.70	2.41
Bank charges	13.07	10.69
Assets condemned & written off	2.11	-
Bad debts written off & loss allowances	11.81	12.63
Miscellaneous expenses	115.94	88.60
	2,609.01	**2,196.27**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

36(a) Details of payment to auditors

Particulars	March 31, 2023	March 31, 2022
Payment to auditors		
– audit fees	5.00	3.65
– limited review	1.50	1.05
– certification services	0.50	0.30
– reimbursement of out of pocket expenses	0.36	0.25
	7.36	**5.25**

36(b) Corporate Social responsibility expenditure

Contribution to Coimbatore Cancer Foundation	1.80	-
Contribution to Others	3.49	1.15
Accrual towards unspent obligations in relation to ongoing projects (refer note below)	26.61	24.06
	31.90	**25.21**
Amount required to be spent as per Section 135 of the Companies Act, 2013	31.90	25.21
Amount spent during the year on		
(i) Construction/acquisition of asset	-	-
(ii) On purposes other than (i) above	5.29	1.15

Note: For the year ended March 31, 2023 and March 31, 2022, the Company has unspent amounts relating to ongoing CSR projects under section 135(6) amounting to ₹26.61 million and ₹24.06 million, respectively, has been transferred to 'Unspent CSR Bank account' within 30 days from the end of the financial year.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

37 Income tax expense

Particulars	March 31, 2023	March 31, 2022
(a) Income tax expense		
Current tax		
Current tax on profits for the year	854.30	657.53
Total current tax expense	**854.30**	**657.53**
Deferred tax		
Decrease/(increase) in deferred tax assets	(32.35)	(10.90)
(Decrease)/increase in deferred tax liabilities	(6.96)	(26.71)
Total deferred tax expense/(benefit)	**(39.31)**	**(37.61)**
Income tax expense	**814.99**	**619.92**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before income tax expense	3,539.77	2,513.43
Tax at the Indian tax rate of 25.168% (2021-2022 - 25.168%)	**890.89**	**632.58**
Tax effect of amounts which are not deductible/(taxable) and other adjustments in calculating taxable income:		
Dividend income received and redistributed- deduction u/s 80M	(40.54)	(18.74)
Corporate social responsibility expenditure and donations	17.38	6.39
Deduction u/s 24 of IT Act (Income from house property)	(1.34)	(1.35)
Share of profit from Partnership firms exempt u/s 10(2A)	(3.05)	(1.26)
Differential tax rate on sale of properties	(1.19)	-
Provision for tax relating to earlier years no longer required	(41.40)	-
Others	(5.76)	2.30
Income tax expense for the year	**814.99**	**619.92**

(c) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of accounts.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2023			March 31, 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
-Equity instruments*	-	134.96	-	-	107.91	-
Loans	-	-	663.93	-	-	625.85
Trade receivables	-	-	4,435.14	-	-	4,244.51
Cash and other bank balances	-	-	2,554.03	-	-	1,183.72
Deposits with financial institutions	-	-	1,850.00	-	-	400.00
Derivative financial assets	-	-	-	17.00	-	-
Security deposits	-	-	32.51	-	-	32.00
Others	-	-	160.56	-	-	113.21
Total financial assets	**-**	**134.96**	**9,696.17**	**17.00**	**107.91**	**6,599.29**
Financial liabilities						
Borrowings	-	-	903.68	-	-	-
Trade payables	-	-	1,660.11	-	-	1,917.98
Dealer deposits	-	-	23.21	-	-	22.30
Derivative financial liabilities	15.98	-	-	-	-	-
Employee benefit expenses payable	-	-	262.91	-	-	223.50
Capital creditors	-	-	28.02	-	-	19.35
Others	-	-	44.39	-	-	17.42
Total financial liabilities	**15.98**	**-**	**2,922.32**	-	-	**2,200.55**

*excluding investments in subsidiaries and joint ventures, carried at cost less impairment losses aggregating to INR 1,705.90 million (March 31, 2022 - INR 1,705.90 million).

The equity securities are not held for trading; the Company has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Company considers this to be more relevant.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI:					
Quoted equity investments	6	120.56	-	-	120.56
Unquoted equity investments	6	-	-	14.40	14.40
Total financial assets		**120.56**	**-**	**14.40**	**134.96**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	25	–	15.98	–	15.98
Total financial liabilities		**–**	**15.98**	**–**	**15.98**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2023	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to subsidiaries	7	–	–	579.32	579.32
Loans to employees	7, 16	–	–	84.61	84.61
Security deposits	8	–	–	32.51	32.51
Total financial assets		–	–	**696.44**	**696.44**
Financial Liabilities					
Borrowings	23	–	–	903.68	903.68
				903.68	**903.68**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives not designated as hedges					
Foreign exchange forward contracts	17	–	17.00	–	17.00
Financial Investments at FVOCI:					
Quoted equity investments	6	107.91	–	–	107.91
Unquoted equity investments	6	–	–	–*	–
Total financial assets		**107.91**	**17.00**	**–**	**124.91**

* amounts are below the rounding off norm adopted by the Company.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to subsidiaries	7	–	–	534.25	534.25
Loans to employees	7, 16	–	–	91.60	91.60
Security deposits	8	–	–	32.00	32.00
Total financial assets		–	–	**657.85**	**657.85**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments, that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investment in unquoted equity instrument (First Energy TN1 Pvt Ltd), pursuant to power purchase arrangement, is determined to have cost as an appropriate measure of fair value due to restriction to sell at face value.

There are no transfers between level 1, level 2 and level 3 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

	March 31, 2023		March 31, 2022	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans				
Loan to Subsidiaries	579.32	579.32	534.25	534.25
Loans to employees	84.61	84.61	91.60	91.60
Security deposits	32.51	32.51	32.00	32.00
Total financial assets	**696.44**	**696.44**	**657.85**	**657.85**
Financial liabilities				
Borrowings	903.68	903.68	-	-
Total financial liabilities	**903.68**	**903.68**	-	-

The carrying amounts of trade receivables, trade payables, dealer deposits, cash and bank balances, deposits with financial institutions, loans to subsidiaries, borrowings and other current financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature.

The fair values for loan to subsidiaries, loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk. The security deposits are payable on demand and hence their carrying amount is considered as fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposit with financial institutions, trade receivables, loan to subsidiaries (including guarantees), derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of Bank/ Financial institutions deposits, credit limits and letters of credit.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification

The Company's risk management is carried out by treasury department under policies approved by the Board of Directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

For banks and financial institutions, only high rated banks/institutions are accepted.

The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the Company. The finance function consists of a separate team who assess and maintain an internal credit rating system. The compliance with the credit limits by customers is regularly monitored by the finance function.

(ii) Security

For some trade receivables, the Company may obtain security in form of guarantees, deeds of undertaking or letter of credit, which can be called upon if counter party is in default under the terms of the agreement.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(iii) Impairment of financial assets

The company assigns the following internal credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of the financial asset. The Company provides for expected credit loss based on the following:

Internal rating	Category	Description of category	Basis for recognition of expected credit loss provision		
			Cash & Investments	Loans and deposits	Trade receivables
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
C2	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

For the years ended March 31, 2023 and March 31, 2022

a) Expected credit loss for loans, security deposits and investments

The entity's investments and deposits at amortized cost are considered to have low credit risk since they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

For loans to related parties and employees, the Company considers the probability of default upon initial recognition of loan and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the loan as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are considered:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increase in credit risk on other financial instruments of the same borrower
- macroeconomic information (such as market interest rates or growth rates)

The resultant internal credit rating for loans, deposits and investments is C1. The entity has estimated the 12-month expected credit loss in this scenario and the estimated gross carrying amount at default is ₹Nil (March 31, 2022: ₹Nil). There is no expected credit loss recognised for the year ended March 31, 2023 and March 31, 2022.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

The Company also has provided guarantee for loans availed by subsidiaries (Refer Note 50), for which the Company assesses credit risk by considering the risk of default occuring on the loan to which the guarantee relates i.e., the risk that the specified debtor will default on the contract.

The entity carries out a review of the liquidity and solvency of the subsidiaries to which the guarantee has been provided as part of its strategic business reviews. The entity also corroborates its assessment with the repayments of receivables and loans by the subsidiaries to the entity. Based on the assessment performed, no expected credit loss provision has been made in respect of financial guarantee provided to subsidiaries for the year ended March 31, 2023 and March 31, 2022.

b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the Company based on the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers have sufficient capacity to meet the obligations and the risk of default is negligible.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, if any.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments for a period of greater than 720 days past due and the same is considered as credit impaired.

Impairment losses on trade receivables are presented as loss allowances under other expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Company has computed the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

Particulars	Not due	Overdue by/past due by Less than 3 months	3 to 6 months	6 months to 1 year	1- 2 years	More than 2 years	Total
As at March 31, 2023							
Gross carrying amount – trade receivables	4,054.83	299.71	23.40	38.61	24.51	59.78	**4,500.84**
Expected loss rate	0%	0%	0.8%	3.9%	13.0%	55.2%	**0.8%**
Expected credit losses (Loss allowance provision)	-	0.12	0.19	1.51	3.18	33.02	**38.02**
Loss Allowance - Credit Impaired	-	-	-	0.92	-	26.76	**27.68**
Total Loss allowance provision	**-**	**0.12**	**0.19**	**2.43**	**3.18**	**59.78**	**65.70**
Carrying amount of Trade receivables (net of credit loss allowance)	**4,054.83**	**299.59**	**23.21**	**36.18**	**21.33**	**-**	**4,435.14**
As at March 31, 2022							
Gross carrying amount – trade receivables	3,929.13	232.89	25.03	29.56	30.99	56.63	**4,304.23**
Expected loss rate	0%	0%	0%	3.7%	6.4%	55.3%	**0.8%**
Expected credit losses (Loss allowance provision)	-	-	-	1.09	2.00	31.31	**34.40**
Loss Allowance - Credit Impaired	-	-	-	-	-	25.32	**25.32**
Total Loss allowance provision	**-**	**-**	**-**	**1.09**	**2.00**	**56.63**	**59.72**
Carrying amount of Trade receivables (net of credit loss allowance)	**3,929.13**	**232.89**	**25.03**	**28.47**	**28.99**	**-**	**4,244.51**

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 1, 2021	**54.76**
Changes in loss allowance	4.96
Loss allowance on March 31, 2022	**59.72**
Changes in loss allowance	5.98
Loss allowance on March 31, 2023	**65.70**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2023	March 31, 2022
Floating rate Expiring within one year (including other facilities)	2,736.66	3,092.55

The credit facility sanctioned by the banks are subject to renewal every year.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and can be renewed for further period of 1 year.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a. all non-derivative financial liabilities, and

b. net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2023						
Non-derivatives						
Borrowings	703.68	200.00	-	-	-	903.68
Lease liabilities	2.23	2.28	4.73	5.74	11.55	26.53
Trade payables	1,660.11	-	-	-	-	1,660.11
Other financial liabilities	374.51	-	-	-	-	374.51
Total non-derivative liabilities	**2,740.53**	**202.28**	**4.73**	**5.74**	**11.55**	**2,964.83**
Derivatives						
Foreign exchange forward contract	10.77	5.21	-	-	-	15.98
Total derivative liabilities	**10.77**	**5.21**	-	-	-	**15.98**
Financial guarantees & Standby Letter of Credits*	-	-	1,054.82	13.44	2,906.26	3,974.52
March 31, 2022						
Non-derivatives						
Lease liabilities	1.61	1.65	3.40	7.30	9.37	23.33
Trade payables	1,917.98	-	-	-	-	1,917.98
Other financial liabilities	282.57	-	-	-	-	282.57
Total non-derivative liabilities	**2,202.16**	**1.65**	**3.40**	**7.30**	**9.37**	**2,223.88**
Financial guarantees & Standby Letter of Credits*	454.68	-	151.56	838.50	2,675.62	4,120.36

*Includes > 5 years amounting to ₹ 35.60 million (As at March 31, 2022: ₹ 30.31 million)

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(c) Market risk

(i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR and AUD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The risk is managed by the Company by entering into Forward Contracts.

(Amounts in million in respective currencies)

Particulars	Financial assets				Financial liabilities	
	Trade receivables	Loans	Cash and Cash equivalents	Net exposure (assets)	Trade payables	Net exposure (liabilities)
March 31, 2023						
USD	3.07	7.38	0.37	**10.82**	0.32	**0.32**
EUR	5.49	-	-	**5.49**	0.55	**0.55**
AUD	0.77	-	-	**0.77**	0.25	**0.25**
BRL	8.43	-	-	**8.43**	0.15	**0.15**
RMB	-	-	-	**-**	6.49	**6.49**
March 31, 2022						
USD	2.69	7.78	0.55	**11.02**	1.30	**1.30**
EUR	1.75	-	-	**1.75**	0.51	**0.51**
AUD	3.10	-	-	**3.10**	0.35	**0.35**
BRL	6.59	-	-	**6.59**	0.21	**0.21**
RMB	-	-	-	**-**	4.14	**4.14**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

Particulars	Impact on profit after tax (in INR million)*	
	March 31, 2023	March 31, 2022
USD sensitivity		
INR/USD increases by 5%	32.28	26.59
INR/USD decreases by 5%	(32.28)	(26.59)
EURO sensitivity		
INR/EURO increases by 5%	16.45	3.98
INR/EURO decreases by 5%	(16.45)	(3.98)
AUD sensitivity		
INR/AUD increases by 5%	1.07	5.71
INR/AUD decreases by 5%	(1.07)	(5.71)
BRL sensitivity		
INR/BRL increases by 5%	5.03	3.81
INR/BRL decreases by 5%	(5.03)	(3.81)
RMB sensitivity		
INR/RMB increases by 5%	(2.90)	(1.85)
INR/RMB decreases by 5%	2.90	1.85

*amount in bracket represents losses.

(ii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The majority of the Company's equity instruments are publicly traded and are included in the Nifty 50 index.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and total comprehensive income for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Impact on other components of equity	
	March 31, 2023	March 31, 2022
NSE Nifty 50 – increase 5%	5.30	5.40
NSE Nifty 50 – decrease 5%	(5.30)	(5.40)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value though other comprehensive income.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

40 Capital management

(a) Risk management

The Company's objectives when managing capital are to

- provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings and lease liabilities net of cash and cash equivalents and deposits with banks and financial institutions) divided by Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the Company is as follows:

Particulars	March 31, 2023	March 31, 2022
Net debt (refer note 23)*	-	-
Total equity	12,220.00	9,841.22
Net debt to equity ratio	**-**	-

*presented as nil since it is negative.

(i) Loan covenants

The Company has complied with all the loan covenants throughout the reporting period.

(b) Dividends

Particulars	March 31, 2023	March 31, 2022
(i) Equity shares		
Final dividend recognised for the year ended March 31, 2022	364.45	-
(ii) Dividends not recognised at the end of the reporting period		
For the year ended March 31, 2022, directors had recommended the payment of a final dividend of ₹ 1.15 per fully paid equity share which was subsequently approved by the shareholders in the Annual General Meeting.	-	364.45
Subsequent to the year ended March 31, 2023, the directors have recommended the payment of a final dividend of ₹ 2.00 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.	633.82	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions

(a) Name of the related parties and nature of relationship:

(i) Where control exists:

Subsidiaries

Name of entity	Place of business	Ownership interest held by the Company March 31, 2023 %	Ownership interest held by the Company March 31, 2022 %	Principal Activities
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Gulf FZE	U.A.E.	100	100	Trading of air compressors
Elgi Gulf Mechanical and Engineering Equipment Trading LLC	U.A.E.	100	100	Trading of air compressors
Elgi Compressors Do Brasil Imp.E.Exp LTDA	Brazil	100	100	Trading of air compressors
Elgi Equipments Australia Pty Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Italy S.R.L	Italy	100	100	Manufacture and trading of compressors
Rotair SPA	Italy	100	100	Manufacture and trading of compressors,hydraulic hammers and rampi cars
Elgi Compressors Europe S.R.L	Belgium	100	100	Trading of air compressors
Elgi Compressors Iberia S.L.	Spain	100	100	Marketing of air compressors
Elgi Compressors Nordics	Sweden	100	100	Marketing of air compressors
Elgi Compressors Eastern Europe sp. z.o.o.	Poland	100	100	Marketing of air compressors
Elgi Compressors UK and Ireland Limited	United Kingdom	100	100	Marketing of air compressors
Elgi Compressors Southern Europe S.R.L	Italy	100	100	Marketing of air compressors
Elgi Compressors France SAS	France	100	100	Marketing of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Patton's Inc	USA	100	100	Trading of air compressors
Patton's Medical LLC.	USA	100	100	Manufacturing and Trading of compressed air systems and vacuum pumps for medical applications
Michigan Air Solutions LLC	USA	100	100	Trading of air compressors
Industrial Air Compressors Pty Limited	Australia	100	100	Trading of air compressors
F.R. Pulford & Son Pty Limited	Australia	100	100	Trading of air compressors, nitrogen systems, altitude training systems
Advanced Air Compressors Pty Limited	Australia	100	100	Trading of air compressors

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

Name of entity	Place of business	Ownership interest held by the Company March 31, 2023 %	Ownership interest held by the Company March 31, 2022 %	Principal Activities
Adisons Precision Instruments Manufacturing Company Limited	India	100	100	Renting out of property
PT Elgi Equipments Indonesia	Indonesia	100	100	Trading of air compressors
Elgi Compressors (M) SDN. BHD.	Malaysia	100	100	Trading of air compressors
Elgi Compressors Vietnam LLC (incorporated on March 01, 2023)*	Vietnam	*	–	Trading of air compressors
Ergo Design Private Limited	India	100	100	Design services

*Investment has not been made in the company yet and there are no transactions as of and for the year ended March 31, 2023.

(ii) Other related parties with whom transactions have taken place during the year	
Joint venture	Elgi Sauer Compressors Limited
	Industrial Air Solutions LLP
	Evergreen Compressed Air and Vacuum LLC (jointly controlled entity of Elgi Compressors USA Inc.)
	Compressed Air Solutions of Texas, LLC (jointly controlled entity of Elgi Compressors USA Inc.)
	PLA Holding Company LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	Patton's Of California LLC. (wholly owned subsidiary of PLA Holding Company LLC.)
	G3 Industrial Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	Gentex Air Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	CS Industrial Services, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
Post employment benefit plan	Elgi Equipments Gratuity Fund
(Refer note 26 (a))	Elgi Equipments Superannuation Fund
Employee stock option plan	Elgi Equipments Limited Employees Stock Option Trust
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Limited
	Mr. Jayakanthan R, Chief Financial Officer, Elgi Equipments Limited
	Mr. Anvar Jay Varadaraj, Executive Director, Elgi Equipments Limited
	Mr. Prakash S, Company Secretary
	Non-Executive Directors
	Mr. N. Mohan Nambiar
	Mr. B. Vijaykumar
	Mr. Sudarsan Varadaraj
	Dr. Ganesh Devaraj
	Mr. M. Ramprasad
	Mr. Harjeet Singh Wahan
	Mrs. Aruna Thangaraj

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

Other companies/firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited
	Elgi Ultra Industries Limited
	Elgi Ultra Private Limited
	Elgi Rubber Company Limited
	LGB Forge Limited
	Festo India Private Limited
	AGT Electronics Limited
	Super Transports Private Limited
	Elgi Automotive Services Private Limited
	Soliton Technologies Private Limited
	Dark Horse Portfolio Investment Private Limited
	Bull Machines Private Limited
	PPL Enterprises Limited

Details of Joint Ventures

The Company has 26% interest in Joint venture called Elgi Sauer Compressors Limited which was set up as company together with JP Sauer & Sohn Maschinenbau GMBH in India, to sell compressors and their parts along with rendering engineering services.

The Company has 50% share in Industrial Air Solutions LLP which was set up as Limited liability partnership in India with Mr. Rajeev Sharma, for distribution of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Evergreen Compressed Air and Vacuum LLC, with Mr. Michael Keim for a share of 50% each. The joint venture is having registered office at Seattle, USA and will be the distributor of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Compressed Air Solutions of Texas, LLC, with Mr. Bryan Becker for a share of 50% each. The joint venture is a distributor of products for compressed air systems mainly in the state of Texas.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called PLA Holding Company, LLC, with Mr. Jeffery Brandon Todd for a share of 50% each. The joint venture was formed in the state of North Carolina. PLA Holding Company, LLC, wholly owns Pattons of California, LLC, a California company which is a distributor of products for compressed air systems mainly in the state of California.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called G3 Industrial Solutions, LLC, with Mr. Chad Gooding and Mr. Luke Johnson for a share of one third for each. The joint venture is a distributor of products for compressed air systems mainly in the states of Kansas city and Missouri.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Gentex Air Solutions, LLC, with Mr. James Gery Naico and Mr. Diego Hernandez for a share of one third for each. The joint venture is a distributor of products for compressed air systems mainly in the states of North Carolina.

On March 09, 2023, the Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called CS Industrial Services, LLC, with Mr. Kevin Melisz and Mr. Jeff Kurczewski for a share of one third for each. The joint venture is a distributor of products for compressed air systems mainly in the states of Western Newyork.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

Details of Joint Operations

The company has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros (Firm) which was set up as partnership firm in India together with Elgi Ultra Industries Limited to earn rental income.

The company has 80% interest in a Joint arrangement called Elgi Services which was set up as partnership firm in India together with Elgi Ultra Industries Limited.

(b) Particulars of transactions with related parties

	Subsidiaries		Joint Venture & Others		Key Management Personnel	
Particulars	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Purchase of goods	6.13	42.25	22.55	27.45	-	-
Sale of goods	3,899.79	2,970.95	323.57	327.09	-	-
Receiving services	8.59	7.01	16.42	14.87	-	-
Providing services (Sale of services)	308.35	276.58	13.78	10.73	-	-
Repayment of Loans						
- Given to related parties	-	10.44	-	-	-	-
Interest						
- Received from related parties	26.25	26.23	-	0.66	-	-
Reimbursement of expenses						
- To related parties	140.16	75.61	1.99	2.38	-	-
- By related parties	18.68	16.10	1.10	1.01	-	-
Sale of property, plant & equipment	-	-	0.05	-	-	-
Financial guarantee commission received	10.31	8.22	-	-	-	-
Investments	-	17.89	-	-	-	-
Dividend/share of profit from partnership firm						
- Received from related parties**	141.15	58.50	31.28	20.65	-	-
- Paid to related parties	-	-	79.82	53.59	35.06	-
Exercise of shares under ESOP scheme	-	-	-	-	5.00	-
Key management personnel compensation*						
- Short-term employee benefits	-	-	-	-	46.04	37.53
- Other long-term benefits	-	-	-	-	2.51	2.28

*The above Key management personnel compensation does not include gratuity since the same is computed actuarially for all the employees and amount attributable to key management personnel cannot be ascertained separately and does not include unvested share based payments.

The remuneration paid to the Managing Director amounting to ₹21.05 million and to the Executive Director amounting to ₹4.64 million is in accordance with the provisions of Section 197 read with schedule V to the Companies Act, 2013.

**Subsequent to March 31, 2023, the Board of Directors of the Company's Subsidiary, ATS Elgi Limited have recommended a dividend of INR 1,050 per fully paid equity share (March 31, 2022 - INR 735). This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Particulars	Subsidiaries		Joint Venture & Others	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Payable at the end of the year	47.48	85.11	3.64	3.64
Total payables to related parties	**47.48**	**85.11**	**3.64**	**3.64**
Trade receivable at the end of the year	2,321.17	2,123.90	54.85	47.78
Other receivables at the end of the year	34.40	30.61	1.98	1.68
Loans receivable at the end of the year	579.32	534.25	-	-
Interest accrued on the loans at the end of the year	26.79	55.68	-	-
Total receivables from related parties	**2,961.68**	**2,744.44**	**56.83**	**49.46**

No loss allowance has been recognised during the year ended March 31, 2023 and March 31, 2022 in respect of receivables due from related parties.

(d) Terms and conditions

Transactions relating to dividends, subscriptions for new equity shares were on the same terms and conditions that applied to other shareholders.

All other transactions were made on normal commercial terms & conditions and market rates.

All outstanding balances are unsecured and payable in cash.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41A Details of material transactions with related parties

(i) Transactions during the year

Particulars	Subsidiaries		Joint ventures & Others	
	2022-23	2021-22	2022-23	2021-22
Purchase of goods				
ATS Elgi Limited	-	34.16	-	-
Elgi Rubber Company Limited	-	-	5.68	11.35
Rotair SPA	6.13	8.07	-	-
LGB Forge Limited	-	-	14.48	12.77
Sale of goods				
Elgi Gulf FZE	365.35	270.73	-	-
Elgi Compressors Do Brasil Imp.E.Exp LTDA	199.84	187.73	-	-
Elgi Equipments Australia Pty Limited	323.62	266.97	-	-
Rotair SPA	221.40	406.03	-	-
Elgi Compressors USA Inc.	1,358.60	1,050.80	-	-
PT Elgi Equipments Indonesia	69.88	44.86	-	-
Elgi Compressors Europe SRL	1,335.31	726.58	-	-
ATS Elgi Limited	25.54	16.94	-	-
Industrial Air Solutions LLP	-	-	315.45	316.52
LGB Forge Limited	-	-	2.56	6.57
Elgi Sauer Compressors Limited	-	-	5.21	3.63
Receiving services				
Ergo Design Private Limited	8.03	6.60	-	-
Elgi Ultra Private Limited	-	-	4.56	4.83
AGT Electronics Limited	-	-	10.78	7.07
Providing services (Sale of services)				
ATS Elgi Limited	30.15	25.40	-	-
Elgi Gulf FZE	20.40	12.35	-	-
Elgi Equipments Australia Pty Limited	37.86	38.17	-	-
Rotair SPA	15.21	30.96	-	-
Elgi Compressors USA Inc.	131.38	106.60	-	-
PT Elgi Equipments Indonesia	3.68	3.03	-	-
Elgi Compressors Europe SRL	62.47	60.02	-	-
Elgi Sauer Compressors Limited	-	-	5.89	3.83
Elgi Ultra Private Limited	-	-	4.20	4.20

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41A Details of material transactions with related parties (Continued...)

(i) Transactions during the year (Continued..)

Particulars	Subsidiaries		Joint ventures & Others	
	2022-23	2021-22	**2022-23**	2021-22
Repayment of Loans-Given to related party				
Elgi Compressors Italy S.R.L	-	10.44	-	-
Interest- Received from related party				
Elgi Compressors USA Inc.	26.25	26.15	-	-
Elgi Compressors Italy S.R.L	-	0.08	-	-
Industrial Air Solutions LLP	-	-	-	0.66
Financial guarantee commission received				
Elgi Compressors Europe SRL	10.31	8.22	-	-
Investments				
Elgi Compressors (M) SDN. BHD.	-	17.89	-	-
Dividends- Paid to related party				
Dark Horse Portfolio Investment Private Limited	-	-	61.39	42.71
Elgi Ultra Industries Limited	-	-	11.86	9.91
Dividends- Received from related party				
ATS Elgi Limited	66.15	58.50	-	-
Adisons Precisions Instrument Manufacturing Company Limited	75.00	-	-	-
Elgi Sauer Compressors Limited	-	-	19.21	15.50
Industrial Air Solutions LLP	-	-	12.00	5.00

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41A Details of material transactions with related parties (Continued...)

(ii) Outstanding balances

Particulars	Subsidiaries		Joint ventures & Others	
	2022-23	2021-22	2022-23	2021-22
Payables at the end of the year				
Elgi Compressors USA Inc.	9.30	34.35	-	-
Elgi Gulf FZE	3.99	8.30	-	-
Elgi Equipments Australia Pty Limited	16.21	23.50	-	-
Elgi Compressors Europe S.R.L	5.46	9.40	-	-
Trade Receivable at the end of the year				
Elgi Compressors USA Inc.	653.39	753.61	-	-
Elgi Gulf FZE	174.66	181.90	-	-
Industrial Air Solutions LLP	-	-	45.96	43.65
Elgi Sauer Compressors Limited	-	-	7.95	3.83
Rotair SPA	151.17	133.18	-	-
Elgi Equipments Australia Pty Limited	151.09	175.28	-	-
Elgi Compressors Do Brasil Imp.E.Exp LTDA	136.15	105.43	-	-
Elgi Compressors Europe S.R.L	1,026.36	750.19	-	-
ATS Elgi Limited	7.64	2.44	-	-
Other receivables at the end of the year				
Elgi Compressors Europe S.R.L	12.70	16.02	-	-
ATS Elgi Limited	15.13	6.26	-	-
Loan receivables at the end of the year				
Elgi Compressors USA Inc.	579.32	534.25	-	-
Interest accrued on the loans at the end of the year				
Elgi Compressors USA Inc.	26.92	55.68	-	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

42 Share based payments

Employee Stock Option Plan

The establishment of Elgi Equipments Limited Employee Stock Options Plan, 2019 (Elgi ESOP 2019) was approved by the Board of Directors at its meeting held on December 16, 2019 and the shareholders by way of postal ballot on January 31, 2020. The plan shall be administered through a Trust via acquisition of the equity shares from the secondary market.

The Elgi ESOP 2019 plan is designed to provide benefits to the eligible employees of the company and its subsidiaries. Under the plan, the participants are granted options which vest upon completion of three years of service from the grant date. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, the options remain exercisable for a period of three months.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is the summary of options granted under the plan:

Particulars	March 31, 2023		March 31, 2022	
	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	175.83	7,81,900	100.03	3,07,600
Granted during the year*	450.00	1,52,600	225.00	4,74,300
Exercised during the year	(100.03)	(1,25,000)	-	-
Forfeited during the year	(176.32)	(2,87,500)	-	-
Closing balance	**273.87**	**5,22,000**	175.83	**7,81,900**
Vested and exercisable	**100.03**	**70,600**	-	-

*The Company issued grants of 1,52,600 shares of ₹ 1/- each at exercise price of ₹ 450.00 per share on September 26, 2022 and 4,74,300 shares of ₹ 1/- each at excercise price of ₹ 225.00 per share on August 03, 2021 for the year ended March 31, 2023 and March 31, 2022, respectively.

Share options outstanding at the end of the year March 31, 2023 and March 31, 2022:

Grant date	Expiry date	March 31, 2023		March 31, 2022	
		Exercise price (₹)	Share Options	Exercise price (₹)	Share Options
March 6, 2020	June 5, 2023	100.03	70,600	100.03	3,07,600
August 3, 2021	November 01, 2024	225.00	2,98,800	225.00	4,74,300
September 26, 2022	December 25, 2025	450.00	1,52,600	-	-

a. Grant 1 (70,600 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2023 and March 31, 2022 is 0.18 years and 1.18 years, respectively.

b. Grant 2 (2,98,800 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2023 and March 31, 2022 is 1.59 years and 2.59 years, respectively.

c. Grant 3 (1,52,600 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2023 is 2.74 years.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

42 Share based payments (Continued...)

(i) Fair value of options granted

a) Grant 1 (307,600 Shares) dated March 06, 2020:

The fair value at grant date of options granted during the year ended March 31, 2020 is ₹27.71 per option after allotment of bonus shares. The fair value of these options before bonus issue were ₹55.42. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2020 included:

a. Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.
b. Exercise price: ₹200.05
c. Grant date: March 06, 2020
d. Expiry date: June 05, 2023
e. Share price at grant date: ₹201.65
f. Expected price volatility of the company's shares: 30.45%
g. Expected dividend yield: 0.82% (determined based on latest dividend declared at ₹1.65 per share as on valuation date)
h. Risk-free interest rate: 5.48%

The expected volatility is calculated using market data for stock prices of ELGi. (Source: Bloomberg)

b) Grant 2 (474,300 Shares) dated August 03, 2021:

The fair value at grant date of options granted during the year ended March 31, 2022 is ₹65.29 per option. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2022 included:

a. Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.
b. Exercise price: ₹225
c. Grant date: August 03, 2021
d. Expiry date: November 01, 2024
e. Share price at grant date: ₹212.50
f. Expected price volatility of the company's shares: 40.41%
g. Expected dividend yield: 0.38% (determined based on latest dividend declared at ₹0.80 per share as on valuation date)
h. Risk-free interest rate: 4.98%

The expected volatility is computed using standard deviation of returns of the share prices, for the term equal to residual maturity of the option life.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

42 Share based payments (Continued...)

c) Grant 3 (152,600 Shares) dated September 26, 2022:

The fair value at grant date of options granted during the year ended March 31, 2023 is ₹189.46 per option. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2023 included:

a. Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b. Exercise price: ` 450

c. Grant date: September 26, 2022

d. Expiry date: December 25, 2025

e. Share price at grant date: ` 421.45

f. Expected price volatility of the company's shares: 60.50%

g. Expected dividend yield: 0.27% (determined based on latest dividend declared at `1.15 per share as on valuation date)

h. Risk-free interest rate: 7.34%

The expected volatility is computed using standard deviation of returns of the share prices, for the term equal to residual maturity of the option life.

(ii) Expense arising from the share based transactions

Total expense arising from the employee stock options plan recognised in profit or loss as a part of employee benefit expenses for March 31, 2023 and March 31, 2022 is:

Particulars	March 31, 2023	March 31, 2022
Employee stock option expense	12.36	9.64
Less: Amount recovered from subsidiaries	(2.21)	(3.48)
Net expense carried to statement of profit and loss (refer note 33)	**10.15**	**6.16**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

43 Contingent liabilities and contingent assets

Contingent liabilities

(a) Claims against the Company not acknowledged as debts

(i) The company has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹17.87 million and ₹16.08 million as on March 31, 2023 and March 31, 2022 respectively. The company has deposited ₹2.83 million and ₹2.24 million against the above mentioned disputes as on March 31, 2023 and March 31, 2022, respectively.

The Company has filed appeals with appropriate authorities of Central Excise and Sales Tax Department against their claims.

(ii) The Company had deposited a sum of ₹18.80 million with Railways department of the Government of India in respect of a Road Under Bridge (RUB) project undertaken by the Railways near the Company's factory at Kodangipalayam village. As Railways had planned for a Limited Use Subway and as the RUB project undertaken would benefit the public at large, the deposit was made as directed by the Madras High Court as an interim measure, pending finality as to whether the Company has to bear the full cost or only the differential cost. The Company received an unfavourable order on June 03, 2020 from the single judge of the Madras High Court holding that neither party is required to make any payment to the other. The Company filed an appeal against this order before the Division bench and was able to get the stay of the order of the single judge. The Company is reasonably confident of defending the case successfully to a large extent, however, in order to be realistic and out of abundant caution, the Company has decided to make a provision of ₹7.71 Million for the year ended March 31, 2023 based on a possibility that the Company may be requested by the court to bear the incremental cost of the RUB. This provision should not be construed as an admission of liability under any circumstances and has been made purely as an accounting prudence.

(iii) The Company has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

(iv) The Company received a summon during the latter part of the year from an appropriate authority under Foreign Exchange Management Act, 1999 ('FEMA') seeking information primarily relating to imports and exports including transactions pertaining to earlier years. The Company has been submitting the relevant information and believes that it can provide additional information as needed to address the queries raised in the summon. In the management's assessment, any consequential fee under the said Act, for the aforesaid matter is not likely to have a significant impact on the financial statements as of and for the year ended March 31, 2023.

43A The Company has received whistle-blower complaints during the year and based on the preliminary findings in relation to certain complaints and in the assessment of the management, there is no impact on the financial statements and the related internal controls as of March 31, 2023.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

44 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on capital account	210.22	166.26

45 Details of dues to Micro enterprises and Small enterprises under the Micro, Small and Medium Enterprise Development Act 2006.

Particulars	March 31, 2023	March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	269.77	389.33
Interest due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	5.96	5.94
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	6.25	61.36
Interest paid (other than Section 16 of MSMED Act) to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for the payments already made.	0.02	0.08
Further interest remaining due and payable for earlier years.	5.94	5.87

The information has been given in respect of vendors to the extent they could be identified as "Micro and Small enterprises" on the basis of information available with the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

46 Earnings per equity share

Particulars	March 31, 2023	March 31, 2022
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	8.61	5.99
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	8.61	5.98
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	2,724.78	1,893.51
Diluted earnings per share		
Profit attributable to equity holders of the company		
- used in calculating basic earnings per share	2,724.78	1,893.51
- used in calculating diluted earnings per share	2,724.78	1,893.51
Profit attributable to equity holders of the company used in calculating basic earnings per share	2,724.78	1,893.51
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**316.43**	**316.31**
Adjustments for calculation of diluted earnings per share:	0.11	0.19
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**316.54**	**316.50**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

47 Assets pledged as security

Particulars	March 31, 2023	March 31, 2022
Current		
(a) Charge on entire Stocks and Receivables, both present and future	6,108.63	5,960.31
(b) Charge on specific land, building & machinery	1,371.42	1,201.31
(c) Cash Margin	8.00	249.16
	7,488.05	**7,410.78**

(i) Borrowing secured against current assets

The Company has working capital limits from banks and financial institutions received on the basis of security of current assets.

The quarterly returns or statement of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.

(ii) Utilisation of borrowed funds and share premium

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 entity(ies) 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

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 group 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

(iii) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

48 Details of R&D expenses

Particulars	March 31, 2023	March 31, 2022
(i) Capital	23.35	19.25
(ii) Salaries & Wages	225.63	224.16
(iii) R&D Materials	44.00	52.78
(iv) Maintenance	0.01	0.56
(v) Other expenses	31.83	31.60
	324.82	**328.35**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

49 Joint Operations

The Company has two joint operations as detailed in note-41

The Company has determined its interest in the assets and liabilities relating to the joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement.

(i) The following share of assets and liabilities arising from the financial statements of joint operation has been recognised under Ind AS

	L.G. Balakrishnan & Bros.		Elgi Services	
Particulars	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022
Non-current assets				
Property, plant and equipment	112.45	112.45	0.43	0.43
Financial assets				
(i) Investments	-	-	-	-
Total non-current assets	**112.45**	112.45	**0.43**	0.43
Current assets				
Financial assets				
(i) Cash and cash equivalents	2.65	2.27	-	0.01
(ii) Other financial assets	0.05	0.05	0.01	-
Current Tax Assets (Net)	0.38	0.38	-	-
Other current assets	0.11	0.28	-	-
Total current assets	**3.19**	2.98	**0.01**	0.01
Total Assets	**115.64**	115.43	**0.44**	0.44
Current liabilities				
Financial liabilities				
(i) Trade payables	0.05	0.06	0.04	0.04
Other current liabilities	-	-	-	-
Total current liabilities	**0.05**	0.06	**0.04**	0.04
Partners current account	**(8.41)**	(8.63)	**-**	-
Net Assets	**124.00**	124.00	**0.40**	0.40

(ii) Consequent to the above, the following inter company assets and liabilities have been derecognised.

	L.G. Balakrishnan & Bros.		Elgi Services	
Particulars	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022
Investment	124.00	124.00	0.40	0.40
Inter-Company assets & liabilities	-	(7.32)	0.04	0.04
	124.00	116.68	**0.44**	0.44

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

49 Joint Operations (Continued...)

(iii) The following share of income and expenditure has been recognised under Ind AS (net of Inter company income/ expenses):

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
Revenue & other income	0.48	61.6*	-	-
Expenses:				
Other expenses	0.43	0.38	-	-
Current tax expense	0.22	6.29	-	-
Profit/(loss) after tax	**(0.17)**	**54.93**	**-**	-

*includes gain on sale of treasury shares amounting to ₹ 54.80 million recognised directly in retained earnings. Also refer note 19(f).

50 Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

Particulars	March 31, 2023	March 31, 2022
(a) Loans and advances to subsidiaries		
Elgi Equipments (Zhejiang) Limited- China		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	55.35
Elgi Compressors USA Inc.-USA		
Balance as at the year end	579.32	534.25
Maximum amount outstanding at any time during the year	579.32	534.25
Elgi Compressors Italy S.R.L- Italy		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	10.29
(b) Guarantees to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.-USA	509.47	1,076.08
Industrial Air Compressors Pty Ltd–Australia	1,012.76	1,631.94
Elgi Compressors Europe S.R.L–Belgium	2,403.25	2,012.41
Elgi Compressors France SAS	49.04	33.54

Nature & purpose of loans and guarantees:

(i) The Company has advanced loan and provided guarantee to its subsidiaries- Elgi Compressors USA Inc. and Industrial Air Compressors Pty Ltd. to fund the business acquisition and additional working capital requirements. The guarantees provided to Elgi Compressors Europe S.R.L- Belgium is for the purpose of meeting working capital requirements and Elgi Compressors France SAS is for incurring capital expenditure.

(ii) The loans carry interest rates which are at par with the prevailing market rates. These loans are repayable within March 31, 2025.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

51 Ratios

Particulars	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance %	Reasons
Current ratio	Current assets	Current liabilities	3.14	2.96	6%	-
Debt-Equity ratio	Total debt	Shareholders equity	0.07	-	100%	Packing credit taken during the year
Debt service coverage ratio	Earnings available for debt service	Total debt service*	58.18	111.47	(48)%	Increase in borrowings
Return on equity	Net profit	Average shareholders equity	24.70%	21.04%	17%	-
Inventory turnover ratio	Sale of products	Average inventory	9.86	9.71	2%	-
Trade receivables turnover ratio	Revenue	Average trade receivable	4.05	4.19	(3)%	-
Trade payables turnover ratio	Purchases	Average trade payable	5.48	5.28	4%	-
Net capital turnover ratio	Revenue	Working capital	2.35	3.00	(22)%	-
Net profit ratio	Net profit	Revenue	15.51%	11.96%	30%	Increase in margins and other income
Return on capital employed	Earnings before interest and taxes	Capital employed	29.36%	25.65%	14%	-
Return on investment (pre-tax)						
- Unquoted	Income generated from investments	Time weighted average investments	10.06%	4.65%	116%	Increase in dividend receipt from Subsidiary
- Quoted	Income generated from investments	Time weighted average investments	11.69%	24.40%	(52)%	In line with Index
- Fixed income from deposits with Banks and Financial institutions	Income generated from investments	Time weighted average investments	6.07%	3.73%	63%	Increase in deposits and interest rates

*excludes repayments of Working capital loans.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

52 Impact of COVID-19 Pandemic:

The second wave of COVID-19 pandemic posed certain operational and supply chain challenges which impacted the delivery of products and services to our customers in the first quarter of the last financial year. The situation has significantly improved since. There is no impact of the pandemic on the Company's standalone financial statements for the year ended March 31, 2023.

53 Compliance with approved scheme(s) of arrangements:

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

54 Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Independent Auditors' Report

To the Members of Elgi Equipments Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of Elgi Equipments Limited (hereinafter referred to as the "Holding Company") which includes joint operations and its subsidiaries (Holding Company, its joint operations and subsidiaries together referred to as "the Group"), its joint ventures (refer Note 42 to the attached Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("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 and its joint ventures as at March 31, 2023, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditors' responsibilities for the audit of the Consolidated Financial Statements" section of our report. We are independent of the Group and its joint ventures in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 sub-paragraph 18 to 20 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit Matter
Assessment of carrying value of goodwill arising on consolidation of subsidiaries as per Ind AS 36 The Group has a goodwill balance of Rs. 153.80 million and Rs. 354.90 million as at March 31, 2023 (Refer Note 5) relating to subsidiaries in Italy (Elgi Italy S.R.L) and Belgium (Elgi Compressors Europe S.R.L) respectively, which are considered to be separate Cash Generating Units (CGUs). For the year ended March 31, 2023, the Group performed an assessment of the carrying value of goodwill as required under Ind AS 36 by: • Calculating the recoverable amount for the CGU using a discounted cash flow model (DCF model); and • Comparing the recoverable amount to the respective carrying amount of assets and liabilities. The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically for 5 years. A terminal growth rate is applied in determining the terminal value. We considered the carrying value of goodwill as a key audit matter, considering its significance to the financial statements, and where applicable, judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	Our audit procedures in relation to assessment of carrying value of goodwill relating to the CGUs, included the following: • Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of goodwill. • Together with auditors' valuation experts, evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: a. Evaluating the reasonableness of the cash flow projections by comparing with the approved budgets, previous year performance, discussions with the subsidiary auditors and our knowledge and understanding of current business conditions. b. Determining a range of acceptable discount rates and terminal growth rates, with reference to valuations of similar companies and other relevant external data, and comparing this range to the discount rates and terminal growth rates adopted by the Company. c. Performing sensitivity tests on the DCF Model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • Tested the arithmetical accuracy of the calculations carried out by the Management. • Evaluating the sufficiency of disclosures made in the Consolidated Financial Statements. Based on above procedures performed, we found the management's assessment of carrying value of goodwill to be reasonable.

5. The following Key Audit Matter is included in the Memorandum of work performed dated May 16, 2023, issued by an independent auditor of Elgi Compressors USA Inc., a subsidiary of the Holding Company reproduced by us as under:

   "Auditing of assessment of potential for goodwill impairment. For the year ended March 31, 2023, the Company performed both a qualitative and quantitative goodwill impairment analysis. The quantitative analysis was performed using a discounted cash flow model both at a consolidated level and at reporting unit levels. The preparation of discounted cash flows required assumptions for projections of future cash flows. The Company projected future cash flows over a period of five years with a terminal value growth rate applied in determining a terminal value. This was considered to be a Key Audit Matter due to its significance to the financial statements and the degree of management judgement involved in performing the discounted cash flow analysis.

Our audit procedures included discussing with management and understanding the projections, comparing the previous year projections to the results of operations for the year ended March 31, 2023, and assessing the overall improvement of the Company's performance over previous years. Further, we evaluated the discount rates used by the Company in its analyses, including changes in the risk-free rate, market factors, and company-specific risks and concluded that the rates used were appropriate. Based on the procedures performed, we found that management's conclusion of no goodwill impairment to be correct."

6. The following Key Audit Matter is included in the Memorandum of work performed dated May 03, 2023, issued by an independent auditor of Industrial Air Compressors Pty Limited, a subsidiary of the Holding Company reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of goodwill as per Ind AS 36 (refer Note 3 of the group reporting package - included in Note 5 to the Consolidated Financial Statements) Industrial Air compressors Pty Limited in its consolidated financial Statement, has a goodwill balance of AUD 4.96 million as at March 31, 2023 relating to acquisition of F.R. Pulford & Sons and its subsidiary, Advanced Air Compressors Pty Ltd. For the year ended March 31, 2023, the management performed an assessment of the carrying value of goodwill as required under Ind AS 36 by: a. Calculating the recoverable amount for the cash generating unit (CGU) to which the goodwill has been allocated using a discounted cash flow model (DCF); and b. Comparing the recoverable amount to the respective carrying amount of CGU assets and liabilities. The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically for 5 years. A terminal growth rate is applied in determining the terminal value. We considered the carrying value of goodwill as a key audit matter, considering its significance to the consolidated financial statements, and where applicable, the management judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	Our audit procedures in relation to the assessment of carrying value of goodwill included the following: • Understood and performed procedures to assess the design and operating effectiveness of relevant controls related to the annual goodwill impairment assessment. • Evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: o Evaluating the reasonableness of the cash flow projections by tracing to approved budgets, comparing forecast to the actual historical cash flow performance and assessing the accuracy of management's budgeting and forecasting processes. o Determining a range of acceptable discount rates and terminal growth rates, with reference to comparable companies and other relevant external data and comparing this range to the discount rates and terminal growth rates adopted by the management. o Performing sensitivity analysis on the DCF model by analysing the impact of adopting alternative growth rates and discount rates within a possible range. • Evaluating the mathematical accuracy of calculations carried out by the management. Based on above procedures performed, we found the management's assessment of carrying value of goodwill to be reasonable.

Other Information

7. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report and Report on Corporate Governance, but does not include the Consolidated Financial Statements and our auditors' report thereon.

8. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

9. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 18 to 20 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

10. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated 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 cash flows, and changes in equity of the Group including its joint ventures 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 joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

11. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures 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.

12. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group and its joint ventures 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 joint ventures to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated 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.

15. 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.

16. 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.

17. 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 auditors' 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

18. We did not audit the financial statements of two joint operations, whose financial statements reflect total assets of Rs. 118.17 million and net assets of Rs. 118.04 million as at March 31, 2023, total revenue of Rs. Nil, total net loss after tax of Rs. 0.17 million, total comprehensive loss of Rs. 0.17 million and net cash flows amounting to Rs. 0.38 million for the year ended on that date, as considered in the financial statements of the Holding Company. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements (including other information)

insofar as it relates to the amounts and disclosures included in respect of these joint operations is based solely on the reports of the other auditors.

19. We did not audit the consolidated/standalone financial statements/financial information of 13 subsidiaries (including their relevant step-down subsidiaries and joint ventures), whose financial statements/financial information reflect total assets of Rs. 14,233.42 million and net assets of Rs. 2,934.74 million as at March 31, 2023, total revenue of Rs. 16,522.03 million, total net profit of Rs. 1,148.96 million and total comprehensive income (comprising of profit and other comprehensive income) of Rs. 1,159.82 million and net cash flows amounting to Rs. 39.01 million for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit after tax of Rs. 41.59 million and total comprehensive income (comprising of profit and other comprehensive income) of Rs. 61.63 million for the year ended March 31, 2023, as considered in the Consolidated Financial Statements, in respect of two joint ventures whose financial statements/financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the other auditors/Management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of other auditors.

20. Of the above, the financial statements of three subsidiaries, located outside India, included in the Consolidated Financial Statements, which constitute total assets of Rs. 1,272.29 million and net assets of Rs. 1,085.63 million as at March 31, 2023, total revenue of Rs. 147.59 million, net profit after tax of Rs. 97.62 million total comprehensive income (comprising of profit and other comprehensive income) of Rs. 97.66 million and net cash flows amounting to Rs. (17.03) million for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the reports of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

21. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B, a statement on the matter specified in paragraph 3(xxi) of CARO 2020.

22. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on April 01, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and of its joint venture company incorporated in India, none of the directors of the Group companies and of its joint venture company incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint venture company 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its joint venture company – Refer Note 44 to the Consolidated Financial Statements.

ii. The Group and its joint venture company did not have any long-term contracts including derivative contracts as at March 31, 2023 for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its joint venture company incorporated in India during the year.

iv. (a) The respective Managements of the Company, its subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, 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 and joint ventures to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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 and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; (also refer note 46(ii) to the Consolidated Financial Statements)

(b) The respective Managements of the Company, its subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries and joint ventures from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries and joint ventures 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 (Also refer note 46(ii) to the Consolidated Financial Statements); and

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. The dividend declared and paid during the year by the Holding Company, its subsidiary companies and its joint venture, is in compliance with Section 123 of the Act.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group and its joint venture, is applicable to the Group and its joint venture only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

23. The Group and its joint venture company incorporated in India have paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 23213126BGXZYP4668

Place: Coimbatore
Date: May 19, 2023

Annexure A to Independent Auditors' Report

Referred to in paragraph 22(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of Elgi Equipments Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and a joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and joint venture company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to Financial Statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and its joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to two subsidiary companies and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 23213126BGXZYP4668

Place: Coimbatore
Date: May 19, 2023

Annexure B to Independent Auditors' Report

Referred to in paragraph 21 of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2023

As required by paragraph 3(xxi) of the CARO 2020, we report that the auditors of the following company have given qualification or adverse remarks in their CARO report on the standalone financial statements of the company included in the Consolidated Financial Statements of the Holding Company:

S. No.	Name of the Company	CIN	Relationship with the Holding Company	Date of the respective auditors' report	Paragraph number and comment in the respective CARO report reproduced below
1	Elgi Sauer Compressors Limited	U29120TZ2008PLC014639	Joint Venture	May 15, 2023	(ii)(b)

Paragraph (ii)(b) in the respective CARO report reproduced below:

The Company has been sanctioned working capital limits (funded and non-funded) in excess of Rs. 5 crores, in aggregate, from a bank on the basis of security of current assets. The quarterly returns have been filed by the company with the bank regularly. Details of discrepancies between the statements filed and books of accounts are given below:

For the quarter ended	Details of discrepancies					Remarks (including subsequent rectification, if any)
	Nature of current asset/ liability	Nature of discrepancy	As per quarterly returns and statements	As per unaudited books of account	Difference	
September	Stock	Difference between statement & Books	3,27,33,643	2,09,84,432	1,17,49,211	Clerical error. The company has subsequently filed the corrected stock statement to the bank.
September	Debtors	Difference between statement & Books	19,06,93,635	19,05,05,926	1,87,709	
September	Creditors	Difference between statement & Books	4,32,09,173	4,20,91,129	11,18,044	
December	Stock	Difference between statement & Books	5,40,25,058	5,40,78,577	(53,519)	
December	Debtors	Difference between statement & Books	16,56,09,124	16,78,57,419	(22,48,295)	
December	Creditors	Difference between statement & Books	10,89,35,126	9,56,04,541	(1,33,30,585)	

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 23213126BGXZYP4668

Place: Coimbatore
Date: May 19, 2023

Consolidated Financial Statements

Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Balance Sheet as at March 31, 2023

Particulars	Notes	March 31, 2023	March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3 (a)	2,830.52	2,454.19
Right of use assets	3 (b)	626.48	600.05
Capital work-in-progress	3 (a)	27.86	68.16
Investment properties	4	42.51	167.96
Goodwill	5	2,032.60	1,914.66
Other intangible assets	5	336.31	395.52
Intangible assets under development	5 (i)	1.37	6.50
Investments accounted for using the equity method	42	234.89	200.96
Financial assets			
(i) Investments	6	135.07	107.99
(ii) Loans	7	61.49	77.34
(iii) Other financial assets	8	64.98	57.70
Deferred tax assets (Net)	27 (c)	311.84	174.70
Non-current tax assets (Net)	27 (b)	15.19	8.16
Other non-current assets	9	57.13	80.18
Total non-current assets		**6,778.24**	**6,314.07**
Current Assets			
Inventories	10	6,023.63	4,830.56
Financial assets			
(i) Trade receivables	11	5,507.07	4,718.82
(ii) Cash and cash equivalents	12	1,247.33	1,163.39
(iii) Bank balances other than cash and cash equivalents	13	2,262.86	1,035.07
(iv) Deposits with financial institutions	14	2,192.00	585.00
(v) Loans	15	45.16	28.82
(vi) Other financial assets	16	124.64	67.58
Other current assets	17	834.67	674.14
Assets held for sale	18	-	231.71
Total current assets		**18,237.36**	**13,335.09**
Total assets		**25,015.60**	**19,649.16**
Equity and Liabilities			
Equity			
Equity share capital	19	316.91	316.91
Other equity	20	13,394.64	10,008.22
Total equity		**13,711.55**	**10,325.13**

Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Balance Sheet as at March 31, 2023 (Continued...)

Particulars	Notes	March 31, 2023	March 31, 2022
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long term borrowings	21 (a)	216.13	577.99
(ii) Lease liabilities	3 (b)	479.77	478.60
(iii) Other financial liabilities	22	-	5.76
Provisions	23	172.55	141.89
Deferred tax liabilities (Net)	27 (c)	224.53	59.46
Total non-current liabilities		**1,092.98**	**1,263.70**
Current Liabilities			
Financial liabilities			
(i) Borrowings	21 (b)	4,870.95	3,136.97
(ii) Lease liabilities	3 (b)	201.03	164.64
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		334.11	447.40
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,804.14	2,739.21
(iv) Other financial liabilities	25	885.58	760.93
Provisions	26	314.15	159.05
Current tax liabilities (Net)	27 (b)	228.31	259.07
Other current liabilities	28	572.80	393.06
Total current liabilities		**10,211.07**	**8,060.33**
Total liabilities		**11,304.05**	**9,324.03**
Total equity and liabilities		**25,015.60**	**19,649.16**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our reports on even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

Particulars	Notes	March 31, 2023	March 31, 2022
Revenue from operations	29	30,406.98	25,247.06
Other income	30	672.15	549.74
Total income		**31,079.13**	**25,796.80**
Expenses			
Cost of materials consumed	31	12,270.85	11,503.51
Purchases of stock-in-trade	32	3,830.86	3,169.39
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	(767.85)	(1,102.61)
Employee benefits expense	34	5,718.93	4,839.47
Finance costs	35	197.70	111.11
Depreciation and amortisation expenses	36	777.20	744.93
Other expenses	37	5,026.40	3,913.87
Total expenses		**27,054.09**	**23,179.67**
Profit before exceptional items, share of net profits of investments accounted for using the equity method and tax		**4,025.04**	**2,617.13**
Share of net profit of joint ventures accounted for using the equity method		24.79	13.18
Exceptional items	51	1,053.87	-
Profit before tax		**5,103.70**	**2,630.31**
Income tax expense	27 (a)		
–Current tax		1,375.22	846.57
–Deferred tax		20.39	(0.54)
Profit for the year		**3,708.09**	**1,784.28**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	20 (h)	12.65	23.09
Deferred tax relating to above item	20 (h)	(3.35)	-
Remeasurement of post-employment benefit obligations	20 (f)	(19.37)	22.86
Income tax relating to above item	20 (f)	4.85	(5.73)
Share of other comprehensive income of joint ventures accounted for using equity method	20 (f)	0.26	0.27
Items that will be reclassified to profit or loss			
Changes in fair value of interest rate swap	20 (h)	9.85	26.50
Deferred tax relating to above item	20 (h)	(2.96)	(7.95)
Changes in foreign currency translation reserve	20 (h)	19.05	13.38
Other comprehensive income for the year, net of tax		**20.98**	**72.42**
Total comprehensive income for the year		**3,729.07**	**1,856.70**

Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Profit and Loss for the year ended March 31, 2023 (Continued...)

Particulars	Notes	March 31, 2023	March 31, 2022
Earnings per equity share for profit attributable to the owners of Elgi Equipments limited	48		
Nominal value of the shares (INR)		1.00	1.00
(1) Basic (INR per share)		11.72	5.64
(2) Diluted (INR per share)		11.71	5.64

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our reports on even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Changes in Equity

i) Equity Share Capital

Particulars	Notes	Amounts
Balance as at April 01, 2021	**19**	**316.91**
Changes in equity share capital		–
Balance as at March 31, 2022	**19**	**316.91**
Changes in equity share capital		–
Balance as at March 31, 2023		**316.91**

ii) Other Equity

Particulars	Notes	Attributable to the owners of Elgi Equipments Limited												Total other equity
		Reserve and Surplus								Other reserve				
		Capital Reserve	Statutory reserve	Securities premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Cash Flow hedge reserve	Foreign currency translation reserve	Total	
Balance as at April 01, 2021		**181.41**	**5.49**	**250.92**	**1,162.63**	**(55.44)**	**3.02**	**6,502.12**	**8,050.14**	**66.82**	**(20.81)**	**285.80**	**331.81**	**8,381.95**
Profit for the year	20	–	–	–	–	–	–	1,784.28	1,784.28	–	–	–	–	1,784.28
Other comprehensive income	20	–	–	–	–	–	–	17.13	17.13	23.09	18.55	13.38	55.02	72.15
Share of other comprehensive income of joint ventures accounted for using equity method	20	–	–	–	–	–	–	0.27	0.27	–	–	–	–	0.27
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**1,801.68**	**1,801.68**	**23.09**	**18.55**	**13.38**	**55.02**	**1,856.70**
Transactions with owners in their capacity as owners:														
Purchase of shares for ESOP scheme	20	–	–	–	–	(68.70)	–	–	(68.70)	–	–	–	–	(68.70)
Sale of Treasury shares	20	–	–	–	–	11.40	–	50.98	62.38	–	–	–	–	62.38
Dividend paid	20	–	–	–	–	–	–	(252.94)	(252.94)	–	–	–	–	(252.94)
Employee stock option expense	20	–	–	–	–	–	9.64	–	9.64	–	–	–	–	9.64
Loss recognised on loss of control over subsidiary	20	–	–	–	–	–	–	–	–	–	–	19.18	19.18	19.18
Balance as at March 31, 2022		**181.41**	**5.49**	**250.92**	**1,162.63**	**(112.74)**	**12.66**	**8,101.84**	**9,602.21**	**89.91**	**(2.26)**	**318.36**	**406.01**	**10,008.22**

Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Changes in Equity (Continued...)

Particulars	Notes	Attributable to the owners of Elgi Equipments Limited												Total other equity
		Reserve and Surplus								Other reserve				
		Capital Reserve	Statutory reserve	Securities premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Cash Flow hedge reserve	Foreign currency translation reserve	Total	
Balance at April 01, 2022		**181.41**	**5.49**	**250.92**	**1,162.63**	**(112.74)**	**12.66**	**8,101.84**	**9,602.21**	**89.91**	**(2.26)**	**318.36**	**406.01**	**10,008.22**
Profit for the year	20	–	–	–	–	–	–	3,708.09	3,708.09	–	–	–	–	3,708.09
Other comprehensive income (net of tax)	20	–	–	–	–	–	–	(14.52)	(14.52)	9.30	6.89	19.05	35.24	20.71
Share of other comprehensive income of joint ventures accounted for using equity method	20	–	–	–	–	–	–	0.26	0.26	–	–	–	–	0.26
Total Comprehensive Income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**3,693.83**	**3,693.83**	**9.30**	**6.89**	**19.05**	**35.24**	**3,729.06**
Transactions with owners in their capacity as owners:														
Exercise of shares under ESOP scheme	20	–	–	–	–	14.88	(3.46)	1.09	12.51	–	–	–	–	12.51
Employee stock option expense	20	–	–	–	–	–	8.43	–	8.43	–	–	–	–	8.43
Dividend paid	20	–	–	–	–	–	–	(363.59)	(363.59)	–	–	–	–	(363.59)
Balance as at March 31, 2023		**181.41**	**5.49**	**250.92**	**1,162.63**	**(97.86)**	**17.63**	**11,433.17**	**12,953.39**	**99.21**	**4.63**	**337.41**	**441.25**	**13,394.64**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our reports on even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Cash Flows

Particulars	March 31, 2023	March 31, 2022
Cash flow from operating activities		
Profit before tax	**5,103.70**	**2,630.31**
Adjustments for		
Depreciation and amortisation expense	777.20	744.93
Bad debts and loss allowances	34.58	21.39
Gain on disposal of property, plant and equipment and investment property	(116.08)	(155.52)
Exceptional income from disposal of assets held for sale	(1,053.87)	–
Share of profits of associates and joint ventures	(24.79)	(13.18)
Rental income from Investment property (net of expenses)	(4.63)	(12.75)
Net unrealised exchange differences	(102.21)	(41.31)
Loss recognised on loss of control over subsidiary	–	19.18
Non-cash employee share based payments	8.43	9.64
Dividend and interest income classified as investing cash flows	(215.01)	(104.28)
Finance costs	197.70	111.11
Other non-cash expenses	38.95	–
Changes in operating assets and liabilities		
Increase in trade receivables	(822.83)	(742.89)
Increase in inventories	(1,193.07)	(1,403.63)
Increase/(decrease) in trade payables	(48.36)	297.37
(Increase)/decrease in other financial assets	(11.21)	12.60
Increase in other current assets	(160.53)	(195.93)
Increase in provisions	166.39	71.24
Increase in other financial liabilities	101.11	129.90
Increase in other current liabilities	179.74	91.63
Net payments to Unspent CSR account	(9.06)	–
Cash generated from operations	**2,846.15**	**1,469.81**
Income taxes paid (excluding tax paid on exceptional item)	(1,187.04)	(784.20)
Net cash inflow from operating activities	**1,659.11**	**685.61**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(690.00)	(405.36)
Investment in unquoted equity instruments	(14.44)	–
Investment in Joint ventures	(30.81)	(55.36)
Loans (given)/recovered from employees (net)	(0.49)	8.26
Proceeds from sale of property, plant and equipment and investment properties	125.11	162.19
Proceeds from disposal of assets held for sale (net of expenses to sell and income tax paid)	1,079.08	–
Rental income from Investment property (net of expenses)	4.63	12.75
Dividends received on equity instruments	0.71	0.50
Dividends received from joint ventures	31.21	20.50
Redemption of/(Investments) in Deposits with Banks/Financial institutions	(2,825.29)	159.98
Interest received	146.92	115.57
Net cash (outflow)/inflow from investing activities	**(2,173.37)**	**19.03**

Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Cash Flows (Continued...)

Particulars	March 31, 2023	March 31, 2022
Cash flows from financing activities		
Interest paid	(181.21)	(107.20)
Purchase of shares for ESOP scheme	–	(68.70)
Proceeds from allotment of shares excercised under ESOP scheme	12.51	–
Proceeds from sale of treasury shares	–	66.20
Proceeds from Long term borrowings from banks	89.01	–
Repayment of long term borrowings to banks	(520.99)	(268.57)
Net Short term loans borrowed from/(repaid to) banks	1,772.93	(2.26)
Payment of lease liabilities	(210.46)	(178.39)
Dividends paid to company's shareholders	(363.59)	(252.94)
Net cash inflow/(outflow) from financing activities	**598.20**	**(811.86)**
Net increase/(decrease) in cash and cash equivalents	**83.94**	**(107.21)**
Cash and cash equivalents at the beginning of the year	**1,163.39**	**1,270.60**
Cash and cash equivalents at end of the year	**1247.33**	**1,163.39**
Non-cash financing and investing activities		
-Acquisition of right-of-use assets	208.96	159.30

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our reports on even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

General Information

Elgi Equipments Limited ("the Company") CIN:L29120TZ1960PLC000351 is engaged in manufacturing of air compressors. The Company has manufacturing plants and its registered office in Coimbatore. Elgi Equipments Limited together with its subsidiaries, joint ventures and joint operations is herein after referred as "the group". The group is engaged in manufacture, trading of air compressors and automotive garage equipments and also providing related after sales services. The Holding Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

1 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The Consolidated Financial Statement has been approved by the Board of Directors in their meeting held on May 19, 2023.

(ii) Historical cost convention

The financial statements are prepared on a historical cost basis, except for the following:

a) certain financial assets and liabilities (including derivative instruments) and commitments that are measured at fair value,

b) defined benefit plans—plan assets measured at fair value and

c) share based payments.

d) assets held for sale measured at lower of carrying amount and fair value less costs to sell.

(iii) New and amended standards adopted by the group

The group has considered following relevant amendments to Ind AS for the first time in their annual reporting period commencing April 01, 2022:

1. IndAS 16 Property, Plant and Equipment on recognition of excess of net sale proceeds of items produced over the cost of testing.
2. IndAS 37 Provisions, Contingent Liabilities and Contingent Assets specifying the cost of fulfilling a contract.

The amendments listed above did not have any impact on the amounts recognised in the current year and are not expected to significantly affect the future periods.

(iv) New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends certain accounting standards, and are effective April 01, 2023. These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Managing Director (MD) of the company has been identified as the chief operating decision maker of Elgi Equipments Limited who assesses the financial performance and position of the Company and makes strategic decisions. Refer note 41 for segment information presented.

(c) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The group has both joint operations and joint ventures.

Joint operations

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated balance sheet.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1 (j) below.

(iv) Changes in ownership interests

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Elgi Equipment Limited's functional and presentation currency.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as a part of the fair value gain or loss.

(iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which incomes and expenses are translated at the dates of the transactions) and
- All resulting foreign exchange differences are recognised in other comprehensive income.

On Consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss as a part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The results and financial position of foreign operation which have a functional currency similar to the group are translated using the same principle enumerated in Note (d) (ii) above.

(e) Revenue recognition

Revenue is recognised when a customer obtains control of promised goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service in an amount that reflects the consideration/(transaction price) to which the entity expects to be entitled in exchange for those goods and services. For each contract with a customer, the group applies the below five step process before revenue can be recognised:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations and
- Recognise the revenue as each performance obligation is satisfied.

(i) Sale of products:

The group manufactures and sells a range of air compressors, automotive equipments and related parts. Sales are recognised when control of the product has transferred, being when the products are delivered to the customers and there is no unfulfilled obligations that could effect the customer's acceptance of products. Delivery occurs when the products have been shipped from the warehouse to the specific location in case of domestic sales and when a bill of lading is generated in case of exports, the risk of obsolescence and loss have been transferred to the customer and either the customer has accepted the product in accordance with the sales contract, the acceptance provision has lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. Where the group sells goods and also has transportation obligation and where the control of the goods get transferred, the

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

sale of goods and transportation is treated as separate performance obligation.

The group's obligation to repair/replace faulty product under the standard warranty terms is recognised as a provision. See note no 26.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The credit facility is as per standard industry terms, thus there is no significant financing component.

(ii) Sale of Services:

The performance obligation under service contract are installation, maintenance and other ancillary services set forth in the contracts. Revenue from rendering of services are recognised over a period of time by reference to the stage of completion as the customer simultaneously receives and consumes the benefit provided by the group's performance as the group performs. In case of transportation revenue, the group recovers cost of transportation from the customers. The cost is either billed separately in the invoice or included in the total transaction price. Where the transaction price is inclusive of cost of transportation, the group splits the transaction price into Sale of product and Sale of services. Revenue from Annual maintenance contracts are recognized over the period of the contract. The cost pertaining to unfufilled performance obligations are deferred and recognized over the contract period. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

(iii) Duty drawback: Income from duty drawback is recognised on accrual basis.

(iv) Royalty: Royalty is recognised on accrual basis in accordance with terms of respective agreements.

(v) Rent: Rental Income is recognised on accrual basis in accordance with terms of respective rent agreements.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grant is recognised either as other income or adjusted against expenses depending upon the nature of the grant and the same is followed consistently.

Government grants relating to purchase of property, plant and equipment are presented by deducting the grant from carrying amount of the asset.

(g) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability, simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

As a lessor

Lease income from operating leases where the group is a lessor is recognised in other income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

As a lessee

Leases are recognised as right of use assets and corresponding liabilities at the date at which the leased asset are available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the group under residual value guarantees
- The exercise price of a purchase option, if the group is reasonably certain to exercise that option and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by group, which does not have recent third party financing and
- Makes adjustments specific to the lease, such as term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(i) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method. The group also elects to apply the optional test (the concentration test) which permits a simplified assessment of whether an acquired set of activities and assets is not a business on each transaction basis.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issues or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Other facilities availed from Bank are shown within borrowings in current liabilities in the balance sheet.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

Cash Flow Statement: The Cash flow from Operating activities are prepared under the Indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

(l) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the transaction price unless they contain significant financing component. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(m) Inventories

Raw materials and stores, work in progress, traded and finished goods

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

(o) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

b) Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sale of financial asset.

(iii) Measurement

At initial recognition, the group measures a financial asset (excluding trade receivables which do not contain significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in the finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(other expenses). Impairment losses are presented as separate line item in the statement of profit and loss.

b) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expense). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(other expenses) and impairment expenses are presented as separate line item in statement of profit and loss.

c) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/(expense) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The group measures all equity investments at fair value (other than investments in joint ventures where it is accounted using the equity method). Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established.

All investments in equity instruments and contracts on those instruments are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

The entity accounts for its investment in power purchase agreements at cost as the change in performance of the investee or market or economic environment will not impact the ultimate cash flows of the equity instrument.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(expense) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the group determines whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Derecognition of financial assets

A financial asset is derecognised only when

(a) The group has transferred the rights to receive cash flows from the financial asset or

(b) The group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the group has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(vi) Income recognition

(a) Interest Income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance).

(b) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group and the amount of the dividend can be measured reliably.

(p) Derivatives and hedging activities

Derivatives are only used for economic hedging purposes and not as speculative investments. However where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for FVPL. They are presented as current assets and liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as hedging instrument and if so, the nature of item being hedged.

The group designates derivatives as hedges of a particular risk associated with cash flows of recognised

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether the changes in the cash flows of hedging instruments are expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of hedging derivative is classified as a non current asset or liability when the remaining maturity of the hedged item is more than 12 months, it is classified as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedging reserve within equity. The gain or loss relating to ineffective portion is recognised immediately in profit or loss, within other income/(other expenses).

Changes in the fair value of derivative that are designated and qualified as cash flow hedges are recognised in equity in the cash flow hedging reserve (net of tax). This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby offsetting any exchange fluctuations that would have been recognised in the absence of the hedge.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost' at the same time as the interest expense on the hedged borrowings. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

(ii) Derivatives that are not designated as hedges

The group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/(expense).

(q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(r) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the straight-line and written down value methods to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on Schedule II to the Companies Act, 2013 except roads (classified as buildings), tools, jigs and fixtures, patterns and mould and dies (classified as plant and machinery), where useful lives have been determined based on technical evaluation done by the management's expert which are different than those specified by Schedule II to the

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Useful Life (years)		
Assets	**As adopted by group**	**As per Schedule II**
Roads	10	5
Tools, Jigs & Fixture, Patterns, Moulds & Dies	5-8	15

In relation to Elgi Compressors USA, Inc, the depreciation is recorded on the straight-line basis and written down value method over the estimated useful lives of 3 to 7 years for machinery and equipment, office furniture and fixtures and automobiles, over the life of the lease for leasehold improvements and 20 years for buildings. In Rotair SPA, the depreciation is recorded on the straight line method over the estimated useful lives of 10 years for light weight constructions classified under buildings, over 33 years for other buildings and over 4 to 10 years for other tangible assets.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/(expense).

(s) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both and that is not occupied by the group, is classified as investment property.Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (other than land) are depreciated using the written down value method over their estimated useful lives. Investment properties have a useful life of 30 years. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

(t) Goodwill and Other Intangible assets

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to cash generating unit which is expected to benefit from business combination in which the goodwill arose.

The intangible assets includes technical know-how, customer relationships, brand, non-compete fees and computer software which are recorded at the cost of acquisition and are amortized over a period of their legal/useful life as below,

	Useful Life (years)			
	Elgi USA Compressors Inc.	**Industrial Air Compressors Pty Ltd**	**ATS Elgi Ltd**	**Elgi Equipments Ltd & Others**
Computer softwares	–	5	5	5
Drawings	–	–	–	5
Customer relationships	8-10	15	–	–
Brand names	20	5	–	–
Non-compete	5	3	10	3
Proprietory information	–	–	10	–

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

(u) Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the products include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

(v) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(w) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/(other expenses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(x) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(y) Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(z) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other financial liability in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The amount of non-current and current portions of leave obligation is normally determined by a qualified Actuary and presented accordingly.

(iii) Post-employment obligations

The group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund and Superannuation fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The group pays provident fund and superannuation fund contributions to Employee Provident Fund Account as per Employees Provident Fund Act, 1952 and Life Insurance Corporation of India, respectively. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

(iv) Bonus plans

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Share based payments

Share based compensation benefits are provided to the employees via Elgi Equipments Limited Employees Stock Option Plan, 2019, an employee stock option scheme.

Employee Options:

The fair value of options granted under the Elgi Equipments Limited Employee Stock Option Plan,2019 is recognised as an employee benefit expense with a corresponding increase in the equity. The total amount to be expensed is determined by reference to the fair value of the options granted. Refer note 47.

- including any market performance conditions (e.g.,the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period) and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to hold the shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(aa) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ab) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ac) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 48).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(ad) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(ae) Exceptional items

Exceptional items are those which in the management's judgement are material items that derive from events or transactions falling within the ordinary activities of the group but are not expected to be recurring. The nature and amount of exceptional items are relevant to the users of the financial statements in understanding the financial position or performance of the group. The same is presented separately in the statement of profit and loss (before tax) and balance sheet as applicable.

(af) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

Significant accounting policies (Continued...)

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of goodwill impairment – **Note 5**

Estimation of provision for warranty claims – **Note 26**

Estimation of defined benefit obligations and other employee terminal benefits – **Note 26(a)**

Estimation of current tax expense and payable – **Note 27**

Impairment of trade receivables – **Note 11**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress

Particulars	Land	Building	Plant & machinery	Office equipment	Furniture and fixtures	Vehicle	Canteen equipments	Total	Capital work in progress
Year ended March 31, 2022									
Gross carrying amount									
Opening gross carrying amount	407.35	1,322.32	2,697.38	214.22	263.17	69.69	50.84	**5,024.97**	41.23
Additions	–	15.25	206.51	69.37	16.57	14.58	1.17	**323.45**	350.38
Disposals	(0.04)	(10.61)	(14.76)	(1.48)	(0.68)	(6.89)	–	**(34.46)**	–
Exchange difference	0.46	0.23	1.72	0.35	3.84	2.13	1.28	**10.01**	–
Transfers	–	–	–	–	–	–	–	**–**	(323.45)
Closing gross carrying amount	**407.77**	**1,327.19**	**2,890.85**	**282.46**	**282.90**	**79.51**	**53.29**	**5,323.97**	**68.16**
Accumulated depreciation									
Opening accumulated depreciation	–	676.38	1,367.26	164.98	172.67	40.86	25.55	**2,447.70**	–
Depreciation charge for the year	–	80.71	313.16	5.76	28.53	9.58	7.18	**444.92**	–
Disposals	–	(8.44)	(11.12)	(1.48)	(0.64)	(6.23)	–	**(27.91)**	–
Exchange difference	–	0.53	0.49	0.30	1.95	1.29	0.51	**5.07**	–
Closing accumulated depreciation	**–**	**749.18**	**1,669.79**	**169.56**	**202.51**	**45.50**	**33.24**	**2,869.78**	**–**
Net carrying amount	**407.77**	**578.01**	**1,221.06**	**112.90**	**80.39**	**34.01**	**20.05**	**2,454.19**	**68.16**
Year ended March 31, 2023									
Gross carrying amount									
Opening gross carrying amount	407.77	1,327.19	2,890.85	282.46	282.90	79.51	53.29	**5,323.97**	68.16
Additions	75.34	30.37	515.98	40.82	18.66	12.15	3.11	**696.43**	656.13
Disposals	(2.08)	(2.81)	(14.23)	(4.60)	(1.57)	(10.75)	–	**(36.04)**	–
Exchange difference	3.92	18.14	3.92	1.77	13.26	(0.32)	3.18	**43.87**	–
Transfer from investment properties	125.10	–	–	–	–	–	–	**125.10**	(696.43)
Closing gross carrying amount	**610.05**	**1,372.89**	**3,396.52**	**320.45**	**313.25**	**80.59**	**59.58**	**6,153.33**	**27.86**
Accumulated depreciation									
Opening accumulated depreciation	–	749.18	1,669.79	169.56	202.51	45.50	33.24	**2,869.78**	–
Depreciation charge for the year	–	77.73	292.40	44.00	32.25	9.78	6.53	**462.69**	–
Disposals	–	(1.65)	(9.42)	(4.57)	(1.38)	(10.33)	–	**(27.35)**	–
Exchange difference	–	5.93	2.05	1.23	6.67	0.19	1.62	**17.69**	–
Closing accumulated depreciation	**–**	**831.19**	**1,954.82**	**210.22**	**240.05**	**45.14**	**41.39**	**3,322.81**	**–**
Net carrying amount	**610.05**	**541.70**	**1,441.70**	**110.23**	**73.20**	**35.45**	**18.19**	**2,830.52**	**27.86**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress (Continued...)

Notes

i) Property, plant and equipment pledged as security

Refer Note 46 for information on property, plant and equipment pledged as security by the group.

ii) Contractual obligations

Refer to note 45 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) Details of benami property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

iv) Assets given under operating lease

Reconciliation of gross and net carrying amount of assets given under lease as at March 31, 2023 and March 31, 2022 is given as follows:

Particulars	Plant & Machinery	
	March 31, 2023	March 31, 2022
Gross carrying amount	78.05	13.18
Accumulated depreciation	(16.21)	(6.12)
Net carrying amount	**61.83**	7.06

v) Capital work-in-progress

Capital work-in-progress mainly comprises of additions to plant & machinery under construction.

a) Ageing of Capital work-in-progress

Particulars	Amounts in Capital work-in-progress for				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2023 (i) Projects in Progress	17.22	4.52	2.11	4.01	**27.86**
Year ended March 31, 2022 (i) Projects in Progress	37.29	5.41	13.87	11.59	68.16

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	To be completed in				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2023 (i) Projects in Progress Assembly and testing line automation	5.02	–	–	–	**5.02**
Year ended March 31, 2022 (i) Projects in Progress Self-constructed Machine	44.54	–	–	–	44.54

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

3(b) Right of use assets and Lease liabilities

This note provides information for leases where the group is a lessee.

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 months to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

i) Amounts recognised in the balance sheet

The balance sheet shows following amounts relating to leases:

a) Right of use assets

Particulars	Land	Building	Plant & machinery	Office equipment	Furniture and fixtures	Vehicle	Total
Year ended March 31, 2022							
Gross carrying amount							
Opening gross carrying amount	-	682.65	3.52	3.54	2.62	224.70	**917.03**
Additions (non-cash in nature)	-	81.77	4.33	0.47	-	72.73	**159.30**
Disposals	-	(28.80)	-	-	-	(44.47)	**(73.27)**
Exchange difference	-	20.79	0.21	0.09	0.10	2.80	**23.99**
Closing gross carrying amount	**-**	**756.41**	**8.06**	**4.10**	**2.72**	**255.76**	**1,027.05**
Accumulated depreciation							
Opening accumulated depreciation	-	169.60	1.75	2.03	2.05	116.98	**292.41**
Depreciation charge for the year	-	131.31	1.52	1.02	0.31	47.86	**182.02**
Disposals	-	(18.19)	-	-	-	(38.37)	**(56.56)**
Exchange difference	-	7.05	0.09	0.08	0.08	1.83	**9.13**
Closing accumulated depreciation	**-**	**289.77**	**3.36**	**3.13**	**2.44**	**128.30**	**427.00**
Net carrying amount	**-**	**466.64**	**4.70**	**0.97**	**0.28**	**127.46**	**600.05**
Year ended March 31, 2023							
Gross carrying amount							
Opening gross carrying amount	-	756.41	8.06	4.10	2.72	255.76	**1,027.05**
Additions (non-cash in nature)	11.64	126.81	-	2.26	0.05	68.20	**208.96**
Disposals	-	(48.85)	(0.54)	-	-	(22.72)	**(72.11)**
Exchange difference	-	42.00	0.67	(0.13)	0.23	20.86	**63.63**
Closing gross carrying amount	**11.64**	**876.37**	**8.19**	**6.23**	**3.00**	**322.10**	**1,227.53**
Accumulated depreciation							
Opening accumulated depreciation	-	289.77	3.36	3.13	2.44	128.30	**427.00**
Depreciation charge for the year	2.33	142.75	1.04	0.68	0.19	66.48	**213.47**
Disposals	-	(48.85)	(0.54)	-	-	(17.86)	**(67.25)**
Exchange difference	-	16.14	0.29	(0.10)	0.21	11.29	**27.83**
Closing accumulated depreciation	**2.33**	**399.81**	**4.15**	**3.71**	**2.84**	**188.21**	**601.05**
Net carrying amount	**9.31**	**476.56**	**4.04**	**2.52**	**0.16**	**133.89**	**626.48**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

3(b) Right of use assets and Lease liabilities (Continued...)

b) Lease liabilities

Particulars	March 31, 2023	March 31, 2022
Current	201.03	164.64
Non-Current	479.77	478.60
	680.80	**643.24**
Reconciliation:		
Opening balance	**643.24**	**663.61**
Add: New leases recognised during the year (non-cash in nature)	208.96	159.30
Less: Termination of lease contracts	(4.86)	(16.71)
Less: Repayment of leases liabilities	(210.46)	(178.39)
Add/Less: Exchange difference	43.92	15.43
Closing balance	**680.80**	**643.24**

ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

Particulars	Note	March 31, 2023	March 31, 2022
Depreciation of Right of use assets	**36**		
Land		2.33	–
Building		142.75	131.31
Plant & Machinery		1.04	1.52
Office equipment		0.68	1.02
Furniture and Fixtures		0.19	0.31
Vehicle		66.48	47.86
		213.47	**182.02**
Included in Finance costs	**35**		
Interest expense		33.48	27.57
Included in Other expenses	**37**		
Expenses relating to short term leases (included in Other expenses)		78.49	47.74
		111.97	**75.31**

(iii) Cash outflow

The total cash outflow for leases is ₹322.43 million and ₹253.70 million for the year ended March 31, 2023 and March 31, 2022, respectively.

(iv) Extension and termination options

Extension and termination options are included in a number of property leases. The majority of extension and termination options held are exercisable only by the group and not by respective lessor.

(v) Critical judgements in determining lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

4 Investment Properties

Particulars	March 31, 2023			March 31, 2022		
	Land	Building	Total	Land	Building	Total
Gross carrying amount Opening gross carrying amount	163.55	4.99	168.54	163.55	4.99	168.54
Additions	–	–	–	–	–	–
Disposal	–	(0.93)	(0.93)	–	–	–
Transfer to property, plant and equipment	(125.10)	–	(125.10)	–	–	–
Closing gross carrying amount	**38.45**	**4.06**	**42.51**	**163.55**	**4.99**	**168.54**
Accumulated depreciation Opening accumulated depreciation	–	0.58	0.58	–	0.53	0.53
Depreciation charge for the year	–	0.02	0.02	–	0.05	0.05
Disposal	–	(0.60)	(0.60)	–	–	–
Closing accumulated depreciation	**–**	**–**	**–**	**–**	**0.58**	**0.58**
Net carrying amount	**38.45**	**4.06**	**42.51**	**163.55**	**4.41**	**167.96**

(i) Amounts recognised in profit or loss for investment properties

Particulars	March 31, 2023	March 31, 2022
Rental income	5.70	13.47
Direct operating expenses from property that generated rental income	(1.07)	(0.72)
Profit from investment properties before depreciation	**4.63**	**12.75**
Depreciation	(0.02)	(0.05)
Profit from investment property	**4.61**	**12.70**

(ii) Fair value

Particulars	March 31, 2023			March 31, 2022		
	Land	Building	Total	Land	Building	Total
Investment property	767.89	59.14	**827.03**	886.35	58.83	**945.18**

Estimation of fair value

The fair values of investment properties have been determined as follows:

The group obtained independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the group considers information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by "S. Pichaiya & associates", who is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

Investment properties pledged as security

Refer note 46 for information on property, plant and equipment pledged as security by the group.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

5 Goodwill and Other intangible assets

Particulars	Computer software	Know-how & Drawings	Customer relationships	Brand names	Non-compete fees	Proprietory information	Total intangible assets	Goodwill
Year ended March 31, 2022								
Gross carrying amount								
Opening gross carrying amount	177.39	24.75	354.45	139.51	146.04	–	**842.14**	1,879.12
Additions	27.99	–	–	–	–	–	**27.99**	–
Disposals	–	–	–	–	–	–	**–**	–
Exchange differences	2.39	–	13.80	2.97	3.28	–	**22.45**	35.54
Closing gross carrying amount	**207.77**	**24.75**	**368.25**	**142.48**	**149.32**	**–**	**892.58**	**1,914.66**
Accumulated amortisation								
Opening accumulated amortisation	99.36	8.67	67.79	74.51	120.83	–	**371.16**	–
Amortisation for the year	27.29	4.94	40.77	27.56	17.38	–	**117.94**	–
Disposals	–	–	–	–	–	–	**–**	–
Exchange differences	(0.66)	–	2.93	2.51	3.18	–	**7.96**	–
Closing accumulated amortisation	**125.99**	**13.61**	**111.49**	**104.58**	**141.39**	**–**	**497.06**	**–**
Closing net carrying amount	**81.78**	**11.14**	**256.77**	**37.90**	**7.93**	**–**	**395.52**	**1,914.66**
Year ended March 31, 2023								
Gross carrying amount								
Opening gross carrying amount	207.77	24.75	368.25	142.48	149.32	-	**892.57**	1,914.66
Additions	7.76	21.75	–	–	10.03	31.20	**70.74**	–
Disposals	(88.66)	–	–	–	–	-	**(88.66)**	–
Exchange differences	3.80	–	16.10	(4.36)	(2.96)	-	**12.58**	117.94
Closing gross carrying amount	**130.67**	**46.50**	**384.35**	**138.12**	**156.39**	**31.20**	**887.23**	**2,032.60**
Accumulated amortisation								
Opening accumulated amortisation	125.99	13.61	111.49	104.58	141.39	-	**497.06**	–
Amortisation for the year	24.93	5.13	39.27	28.24	3.19	0.26	**101.02**	–
Disposal	(49.71)	–	–	–	–	-	**(49.71)**	–
Exchange differences	5.29	–	4.34	(4.08)	(3.01)	-	**2.54**	–
Closing accumulated amortisation	**106.50**	**18.74**	**155.10**	**128.74**	**141.57**	**0.26**	**550.92**	**–**
Closing net carrying amount	**24.17**	**27.76**	**229.25**	**9.38**	**14.82**	**30.94**	**336.31**	**2,032.60**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

5 Goodwill and Other intangible assets (Continued...)

i) Intangible assets under development

Intangible assets under development includes Technical Know how under development.

a) Ageing of Intangible assets under development

Particulars	Amounts in Intangible assets under development for				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2023 (i) Projects in Progress*	1.37	–	–	–	**1.37**
Year ended March 31, 2022 (i) Projects in Progress*	6.50	–	–	–	**6.50**

*The completion schedule is not overdue and the cost has not exceeded compared to its original plan.

(ii) Impairment tests for goodwill

Goodwill is monitored by management at the level of each Cash generating unit (CGU):

A CGU level summary of the goodwill allocation is presented below.

Particulars	Italy	Belgium	USA			Australia	India	
	Portables	EPSAC	Pattons	Michigan	Portables	Pulford	Others	Total
March 31, 2023	153.80	354.90	997.86	192.26	60.06	272.49	1.23	**2,032.60**
March 31, 2022	144.88	334.33	920.24	177.32	55.38	281.28	1.23	**1,914.66**

During the financial year ended March 31, 2022, the Company, as part of its restructuring activities in Europe, formed a subsidiary company in Italy by name “Elgi Compressors Southern Europe SRL” to take over the Electric Powered Screw Air Compressors(EPSAC) business from Rotair SPA. The new company which was initially formed under Rotair SPA was later transferred to Elgi Compressors Europe SRL which manages the group’s EPSAC business for the entire Europe region. Consequently, Goodwill that pertains to acquisition of Rotair SPA, which is recognised in the Consolidated financial statements of the Elgi group is now allocated between Portables business managed by Rotair SPA and the EPSAC business managed by Elgi Compressors Europe SRL based on the fair value of those businesses and are being monitored at the Group level.

(iii) Significant estimate

Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis as at March. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

5 Goodwill and other intangible assets (Continued...)

The following table sets out the key assumptions:

Particulars	Italy	Belgium	USA			Australia
	Portables	EPSAC	Pattons	Michigan	Portables	Pulford
March 31, 2023						
Long term growth rate (%)	2.00	2.00	3.00	3.00	3.00	2.50
Post-tax discount rate (%)	13.00	13.00	12.50	24.20	23.80	12.00
March 31, 2022						
Long term growth rate (%)	2.00	2.00	3.00	3.00	3.00	2.50
Post-tax discount rate (%)	10.50	9.50	10.50	22.20	21.80	10.00

Management has determined the values assigned to the assumptions as follows:

Assumption	Approach used to determining values
Sales	Average annual growth rate over the explicit forecast period; based on past performance and management's expectations of market development.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Post-tax discount rates	Reflect specific risks relating to the relevant businesses and the countries in which they operate.

The group has considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause carrying amount of the above mentioned CGU's to exceed its recoverable amount.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

6 Financial Assets – Investments (non-current)

Particulars	No. of Shares	Face Value Per Share	March 31, 2023	March 31, 2022
(i) Investment in Equity Instruments (fully paid-up)				
At Fair Value through Other Comprehensive Income				
Quoted				
Lakshmi Machine Works Ltd	50	₹ 10/-	0.50	0.48
State Bank of India	3,600	₹ 1/-	1.89	1.78
HDFC Bank Limited	5,000	₹ 1/-	8.05	7.35
Housing Development Finance Corp. Ltd.	12,000	₹ 2/-	31.53	28.66
Magna Electro Castings Ltd	66,454	₹ 10/-	18.48	13.27
Rajshree Sugars & Chemicals Ltd	2,29,000	₹ 10/-	8.82	7.53
Pricol Ltd	1,21,172	₹ 1/-	25.11	15.76
L.G.Balakrishnan & Bros.Ltd	4,992	₹ 10/-	3.70	2.68
LGB Forge Limited	18,720	₹ 1/-	0.16	0.20
Elgi Rubber Company Limited	7,63,700	₹ 1/-	22.32	30.20
Insurance Australia Group Limited	258	AUD 1/-	0.08	0.06
Unquoted				
B.C.C. Caraglio	258	Euro 1/-	0.03	0.02
First Energy TN1 Pvt Ltd.	14,40,000	₹ 10/-	14.40	–
Total			**135.07**	**107.99**
Aggregate amount of quoted investments and market value thereof			120.64	107.97
Aggregate amount of unquoted investments			14.43	0.02

7 Loans (Non-current)

Particulars	March 31, 2023	March 31, 2022
Loans considered good - Unsecured		
Loans to employees	61.49	77.34
	61.49	**77.34**

8 Other financial assets (Non-current)

Derivatives designated as hedges		
Interest rate swap	1.65	–
Others		
Security deposits	63.33	57.70
	64.98	**57.70**

9 Other non-current assets

Capital advances	57.13	80.18
	57.13	**80.18**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

10 Inventories

Particulars	March 31, 2023	March 31, 2022
(a) Raw materials and components*	2,099.42	1,689.58
(b) Work-in-progress	373.21	324.42
(c) Finished goods	3,064.32	2,377.33
(d) Stock-in-trade*	392.24	356.29
(e) Stores and spares and packing materials	56.57	43.16
(f) Loose tools	37.87	39.78
	6,023.63	**4,830.56**

* Include goods in-transit ₹148.66 million and ₹128.04 million as on March 31, 2023 and March 31, 2022 respectively.

Notes:

a) The cost of inventories recognised as an expense includes ₹13.88 million (March 31, 2022- ₹46.93 million) in respect of provision for slow moving inventories.

b) Raw materials, Work in progress and Finished goods include R&D inventory.

11 Trade receivables

Particulars	March 31, 2023	March 31, 2022
Unsecured, considered good	5,559.76	4,779.31
Unsecured, credit impaired	58.03	39.76
	5,617.79	**4,819.07**
Less : Loss allowances (refer 39A(iii)(b))	(110.72)	(100.25)
	5,507.07	**4,718.82**

Ageing of trade receivables:

Particulars	Not due	Outstanding for following periods from the due date					Loss allowances	Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2023								
Undisputed trade receivables – considered good	4,191.43	1,180.22	94.91	48.91	21.55	22.74	(52.69)	5,507.07
Undisputed trade receivables – credit impaired	-	-	16.65	1.13	7.93	10.69	(36.40)	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	0.92	-	-	20.71	(21.63)	-
Total trade receivables	**4,191.43**	**1,180.22**	**112.48**	**50.04**	**29.48**	**54.14**	**(110.72)**	**5,507.07**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

11 Trade receivables (Continued...)

Particulars	Not due	Outstanding for following periods from the due date					Loss allowances	Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2022								
Undisputed trade receivables – considered good	3,635.42	962.68	79.38	44.43	26.35	31.05	(60.49)	4,718.82
Undisputed trade receivables – credit impaired	–	–	0.68	2.31	2.69	13.06	(18.74)	–
Disputed trade receivables – considered good	–	–	–	–	–	–	–	–
Disputed trade receivables – credit impaired	–	–	–	–	0.20	20.82	(21.02)	–
Total trade receivables	**3,635.42**	**962.68**	**80.06**	**46.74**	**29.24**	**64.93**	**(100.25)**	**4,718.82**

Note : Loss allowance includes provision of ₹52.69 million (March 31, 2022: ₹60.49 million) made on account of expected credit loss on trade receivables. Also, for receivables from related parties refer note 43.

12 Cash and cash equivalents

Particulars	March 31, 2023	March 31, 2022
(a) Cash on hand	0.75	2.20
(b) Funds in transit	18.01	30.95
(c) Balance with banks		
- In current accounts	832.56	586.84
- In EEFC accounts	30.48	41.35
- In deposit accounts (with original maturity of 3 months or less)	365.53	502.05
	1,247.33	**1,163.39**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

13 Bank balances other than cash and cash equivalents

- In deposit accounts (with original maturity period of more than 3 months but remaining maturity less of than 12 months)*	2,246.01	1,027.72
- Balance in unclaimed dividend account**	7.79	7.35
- In unspent CSR account (for ongoing projects)***	9.06	–
	2,262.86	**1,035.07**

*Includes margin money deposit of ₹8.35 million and ₹249.23 million as at March 31, 2023 and March 31, 2022, respectively.

** Earmarked for payment of unclaimed dividend.

***Earmarked for spending on ongoing CSR projects.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

14 Deposits with financial institutions

Particulars	March 31, 2023	March 31, 2022
Deposits with Housing Development Finance Corp. Ltd. (HDFC Limited)	2,192.00	585.00
	2,192.00	**585.00**

15 Loans (Current)

Loans considered good - Unsecured		
Loan to employees	45.16	28.82
	45.16	**28.82**

16 Other financial assets (Current)

Derivatives not designated as hedges		
Foreign exchange forward contract	–	17.00
Derivatives designated as hedges		
Interest rate swap	1.10	–
Others		
Security deposits	7.57	7.78
Interest accrued	89.35	21.97
Others	26.62	20.83
	124.64	**67.58**

17 Other current assets

Income / refund receivable	9.99	42.67
Prepaid expenses	219.57	180.13
Balance with Government authorities	432.80	293.06
Rent advances	6.91	6.59
Advance to suppliers	125.63	112.96
Others*	39.77	38.73
	834.67	**674.14**

*Includes assets related to Gratuity fund ₹1.18 million and ₹2.06 million for the year ended March 31, 2023 and March 31, 2022, respectively.

18 Assets held for sale

Land	–	190.50
Buildings	–	41.21
	–	**231.71**

The assets held for sale were owned by the subsidiary Patton's Inc and were located at Charlotte, North Carolina, USA. As the subsidiary moved into a leased facility during the year 2020-21, these assets which were used in the subsidiary's compressor business were marketed for sale. The assets were measured at carrying amount which is lower than fair value less costs to sell. During the year ended March 31, 2023, these assets were sold and gain is recognised as Exceptional item in the consolidated statement of profit & loss (refer note 51).

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

19 Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹ 1 each		
At April 1, 2021	**320.00**	**320.00**
Increase during the year	–	–
At March 31, 2022	**320.00**	**320.00**
Increase during the year	–	–
At March 31, 2023	**320.00**	**320.00**

(ii) Issued, Subscribed and fully paid up:

Particulars	Number of shares (in millions)	Equity share capital (par value)
Equity shares of ₹ 1 each		
At April 1, 2021	**316.91**	**316.91**
Increase during the year	–	–
At March 31, 2022	**316.91**	**316.91**
Increase during the year	–	–
At March 31, 2023	**316.91**	**316.91**

Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing 'Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to 'receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. During the year ended March 31, 2023, the amount of Final dividend per share recognised as distributions to equity shareholders is ₹1.15 per share (March 31, 2022 ₹0.80 per share).

(iii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date:

Particulars	Number of shares (in millions)
Equity shares allotted as fully paid up bonus shares by capitalizing a part of the securities premium during the year ended March 31, 2021	**158.46**

On September 28, 2020, the Company allotted bonus equity shares of ₹1/- each, credited as fully paid up equity shares to the holders of the existing equity shares of the Company in the proportion of one equity share of the Company for every one existing equity shares of the Company, by way of capitalizing a part of the securities premium account of the Company.

Also, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively for the above-mentioned bonus issue.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

19 Equity share capital (Continued...)

(iv) Details of shareholders holding more than 5% shares in the company

	March 31, 2023		March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Private Limited	5,33,86,780	16.85%	5,33,86,780	16.85%
Mr. Jairam Varadaraj	2,82,21,616	8.91%	2,82,21,616	8.91%
Pari Washington India Master Fund, Ltd.	2,55,71,791	8.07%	2,60,33,001	8.21%
Gagandeep Credit Capital Pvt. Limited	1,52,01,200	4.80%	1,63,05,150	5.15%

(v) Details of shareholding of promoters

	March 31, 2023		March 31, 2022		
Promoter Name	Number of shares	% of total shares	Number of shares	% of total shares	% Change during the year
Jairam Varadaraj	2,82,21,616	8.91	2,82,21,616	8.91	–
Anvar Jay Varadaraj	19,25,248	0.61	19,25,248	0.61	–
Varun Jay Varadaraj	19,16,684	0.60	19,16,684	0.60	–
Maya Jay Varadaraj	19,16,648	0.60	19,16,648	0.60	–
Sudarsan Varadaraj	2,04,984	0.06	2,83,572	0.09	(0.03)
Vanitha Mohan*	–	–	1,36,440	0.04	(0.04)
Uday Balaji*	–	–	1,28,020	0.04	(0.04)
Gayathri Balaji*	–	–	81,226	0.03	(0.03)
Harsha Varadaraj	80,000	0.03	80,000	0.03	–
Varshini Varadaraj	1,58,588	0.05	80,000	0.03	0.02
T Balaji	68,500	0.02	68,500	0.02	–
Viren Mohan*	–	–	39,960	0.01	(0.01)
Vinay Balaji*	–	–	22,376	0.01	(0.01)
Dark Horse Portfolio Investment Private Limited**	5,33,86,780	16.85	5,33,86,780	16.85	–
Elgi Ultra Industries Limited**	1,03,10,972	3.25	1,03,10,972	3.25	–
Elgi Rubber Company Limited	6,64,160	0.21	6,64,160	0.21	–
Total	**9,88,54,180**	**31.19**	**9,92,62,202**	**31.33**	**(0.14)**

* reclassified from promoter group with effect from July 06, 2022 based on the approval from stock exchanges of application filed under Regulation 31A of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

** considered as Core investment companies in the group based on the definition specified in 3(1)(v) of the RBI Master directions- Core investment Companies (Reserve Bank) Directions 2016.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

20 Other equity

Particulars	March 31, 2023	March 31, 2022
Reserves & Surplus		
Capital reserve	181.41	181.41
Securities premium	250.92	250.92
Statutory reserve	5.49	5.49
General reserve	1,162.63	1,162.63
Treasury stock	(97.86)	(112.74)
Share options outstanding account	17.63	12.66
Retained earnings	11,433.17	8,101.84
Other reserves	441.25	406.01
	13,394.64	**10,008.22**

Particulars	March 31, 2023	March 31, 2022
a) Capital reserve		
Opening balance	181.41	181.41
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**181.41**	**181.41**
b) Securities premium		
Opening balance	250.92	250.92
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**250.92**	**250.92**
c) Statutory reserve		
Opening balance	5.49	5.49
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**5.49**	**5.49**
d) General reserve		
Opening balance	1,162.63	1,162.63
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**1,162.63**	**1,162.63**
e) Share options outstanding account		
Opening balance	12.66	3.02
Employee stock option expense (net of forfeiture)	8.43	9.64
Exercise of shares under ESOP scheme	(2.37)	-
Transfer to retained earnings	(1.09)	-
Closing balance	**17.63**	**12.66**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity (Continued...)

Particulars	March 31, 2023	March 31, 2022
f) Retained earnings		
Opening balance	8,101.84	6,502.12
Net profit for the year	3,708.09	1,784.28
Item of other comprehensive income recognised directly in retained earnings		
– Remeasurement of post-employment benefit obligation, net of tax	(14.52)	17.13
– Share of other comprehensive income of joint ventures accounted for using the equity method	0.26	0.27
–Transfer to retained earnings of gain on sale of treasury shares (net of tax)	–	50.98
–Transfer from share option outstanding account	1.09	–
Appropriations:		
Dividend on equity shares	(363.59)	(252.94)
Closing balance	**11,433.17**	**8,101.84**
g) Treasury stock		
Opening balance	(112.74)	(55.44)
Sale of Treasury shares	–	11.40
Purchase of shares for ESOP scheme	–	(68.70)
Exercise of shares under ESOP scheme	14.88	–
Closing balance	**(97.86)**	(112.74)
h) Other reserves		
FVOCI – Equity instruments		
Opening Balance	89.91	66.81
Change in fair value of equity instruments	9.30	23.09
Transfer of gain on FVOCI equity instruments	-	0.01
Closing balance	**99.21**	**89.91**
Cash flow hedging reserve		
Opening balance	(2.26)	(20.81)
Change in fair value of interest rate swap (net of tax) (refer note 39(C) (ii))	6.89	18.55
Closing balance	**4.63**	**(2.26)**
Foreign currency translation reserve		
Opening balance	318.36	285.80
Movement during the year	19.05	13.38
Add/less: Amounts recognized in Profit or loss on loss of control over subsidiary	-	19.18
Closing balance	**337.41**	**318.36**
Total Other reserves	**441.25**	**406.01**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity (Continued...)

Nature and purpose of other reserves

Capital reserve:

Represents the profit of a capital nature which is not available for distribution as dividend.

Securities premium:

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Statutory reserve:

Represents reserve created for statutory purpose not available for distribution as dividend.

General reserve:

This is available for distribution to shareholders.

Retained earnings:

Group's share of cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve.

Share options outstanding account:

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Elgi Equipments Limited Employee Stock Option Plan, 2019.

Treasury stock:

Represents the purchase value of shares of the Company held by Elgi Equipments Limited Employee Stock Option Trust as given below:

Particulars	No. of Shares	Amount
As at March 31, 2022		
Elgi Equipments Limited Employee Stock Option Trust	6,02,500	112.74
	6,02,500	**112.74**
As at March 31, 2023		
Elgi Equipments Limited Employee Stock Option Trust	4,77,500	97.86
	4,77,500	**97.86**

Cash flow hedging reserve:

The cash flow hedging reserve is used to recognise effective portion of gain or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss account.

FVOCI equity investments

The group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve

Exchange Differences arising on translation of the foreign operations are recognised in other comprehensive income as described in the accounting policy and accumulated in a separate reserve within equity.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

21 Borrowings

(a) Borrowings (Non-Current)

Particulars	Terms of Repayment	Coupon rate	March 31, 2023	March 31, 2022
Secured				
Term Loan				
from Banks				
Foreign Currency Loan				
-USD	15 equated quarterly installments starting from June 30, 2021	90 day LIBOR + Agreed Spread	-	366.63
-AUD	20 equated quarterly installments starting from Oct 27, 2020	90 day AUD-BBR-BBSW + Agreed Spread	315.72	456.27
Unsecured				
from Banks				
-EURO	17 equated quarterly installments starting from April 30, 2023	6 months EURIBOR+Agreed Spread	89.00	-
Total non- current borrowings			**404.72**	822.90
Less: Current maturities of long term debt (Note no- 21(b)-below)			**(188.59)**	(244.03)
Less: Interest accrued but not due on borrowings (Note no- 21(b)-below)			**-**	(0.88)
Non- current borrowings			**216.13**	577.99

(a) Nature of security:

(i) The term loan of ₹Nil as on March 31, 2023 (₹366.63 million i.e USD 4.84 million as on March 31, 2022) availed by Elgi Compressors USA Inc from HSBC (USA) was secured by substantially all the assets of USA subsidiaries and backed by a corporate guarantee issued by the Holding Company.

(ii) The term loan of ₹315.72 million (AUD 5.75 million) as on March 31, 2023 (₹456.27 million i.e AUD 8.05 million as on March 31, 2022) availed by Industrial Air Compressors Pty Limited from Standard Chartered Bank (United Kingdom) is secured by a corporate guarantee issued by the Holding Company with charge created on specific assets of the Holding Company.

Also refer note 46 for value of assets pledged as security.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

21 Borrowings (Continued...)

(b) Current Borrowings

Particulars	Terms of Repayment	Coupon rate	March 31, 2023	March 31, 2022
Secured				
from Banks				
Lines of credit				
-USD	Payable on Demand	30 day SOFR + Agreed Spread	599.86	716.12
Other facilities				
-EURO	Payable within 360 days with renewal option	EURIBOR + Agreed Spread	2,403.25	1,640.94
Packing Credit				
-INR	Payable within 180 days	REPO rate + Agreed Spread	300.00	-
Current maturities of long-term debt			188.59	244.03
Interest accrued but not due on Non-Current borrowings			-	0.88
Interest accrued and due on Current borrowings			18.20	7.89
Total (A)			**3,509.90**	**2,609.86**
Unsecured				
from Banks				
Lines of credit				
-EURO	Payable on Demand	0.8 % to 4%	751.57	524.69
Packing Credit				
-INR	Payable within 180 days	REPO rate + Agreed Spread	600.00	-
Interest accrued and due on Current borrowings			9.48	2.42
Total (B)			**1,361.05**	**527.11**
Total current borrowings (A) + (B)			**4,870.95**	**3,136.97**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

21 Borrowings (Continued...)

(a) Nature of security:

(i) The line of credit of ₹599.86 million (USD 7.3 million) as on March 31, 2023 (₹716.12 million i.e. USD 9.45 million as on March 31, 2022) availed by Elgi Compressors USA Inc. from HSBC (USA) is secured by substantially all the assets of USA subsidiaries and also by a Standby letter of credit (SBLC) backed by margin deposits made by the Holding Company.

(ii) The Other facility of ₹1,513,16 million (EUR 17.00 million) as on March 31, 2023 (₹1,257.75 million i.e. EUR 15.00 million as on March 31, 2022) availed by Elgi Compressors Europe SRL from Citi Bank (United Kingdom) and ₹890.09 million (EUR 10.00 million) as on March 31, 2023 (₹383.19 million i.e. EUR 4.57 million as on March 31, 2022) availed from HDFC Bank are secured by a corporate guarantee issued by the Holding Company and a pari passu charge on the specific assets of Holding Company.

(iii) The Packing credit facility of ₹300.00 million as on March 31, 2023 (₹Nil as on March 31, 2022) availed by Elgi Equipments Limited from State Bank of India are secured by a charge on stocks and receivables of the Holding Company and a pari passu charge on specific land & building of the Company.

Also refer note 46 for value of assets pledged as security.

There are no defaults in the repayments of above borrowings during the current year.

The group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	Note	March 31, 2023	March 31, 2022
Non-current Borrowings (including current maturities and interest accrued)	21 (a)	404.72	822.90
Current borrowings (including interest accrued)	21 (b)	4,682.36	2,892.06
Lease liabilities	3 (b)	680.80	643.24
Cash and cash equivalents	12	(1,247.33)	(1,163.39)
Deposits with banks and financial institutions (excluding restricted bank balances)	13,14	(4,438.01)	(1,612.72)
		82.54	**1,582.09**
Reconciliation			
Opening net debt		**1,582.09**	**1,603.88**
Cash flows		(1,568.28)	(3.64)
Acquisitions - Leases (Non-cash in nature)		208.96	159.30
Termination of lease contracts		(4.86)	(16.71)
Cash flows arising from payment of lease liabilities		(210.46)	(178.39)
Interest expense		197.70	111.11
Interest paid		(181.21)	(107.20)
Translation difference		58.60	13.74
Closing net debt		**82.54**	**1,582.09**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

22 Other financial liabilities (Non-current)

Particulars	March 31, 2023	March 31, 2022
Derivatives designated as hedges		
Interest rate swap	-	5.76
	-	**5.76**

23 Provisions (Non-current)

Provision for compensated absences (Refer Note 26(a))	106.52	86.80
Provision for defined benefits (Refer Note 26(a))	66.03	55.09
	172.55	**141.89**

24 Trade payables

Due to micro enterprises and small enterprises	334.11	447.40
Due to creditors other than micro enterprises and small enterprises	2,804.14	2,739.21
	3,138.25	**3,186.61**

Note: For payables to related parties refer note 43.

Ageing of trade payables:

		Outstanding for following periods from the due date of payment					
Particulars	**Not due**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Unbilled**	**Total**
As at March 31, 2023							
Undisputed							
Outstanding dues to micro and small enterprises	325.63	2.48	-	0.05	-	5.95	334.11
Outstanding dues to others	2,056.23	279.06	5.46	2.42	3.83	457.14	2,804.14
Total trade payables	**2,381.86**	**281.54**	**5.46**	**2.47**	**3.83**	**463.09**	**3,138.25**
As at March 31, 2022							
Undisputed							
Outstanding dues to micro and small enterprises	439.13	2.34	-	-	-	5.93	447.40
Outstanding dues to others	1,886.58	352.29	4.72	6.96	22.05	466.61	2,739.21
Total trade payables	**2,325.71**	**354.63**	**4.72**	**6.96**	**22.05**	**472.54**	**3,186.61**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

25 Other financial liabilities (Current)

Particulars	March 31, 2023	March 31, 2022
Derivatives not designated as hedges		
Foreign exchange forward contracts	15.98	-
Derivatives designated as hedges		
Interest rate swap	-	1.57
Others		
Unclaimed dividends	7.79	7.35
Dealer deposits	36.11	33.08
Employee benefit expenses payable	756.39	684.18
Capital creditors	28.04	19.35
Others	41.27	15.40
	885.58	**760.93**

26 Provisions (Current)

Provision for warranty	189.09	133.51
Provision for gratuity (refer note 26(a))	43.18	1.09
Provision for compensated absences (refer note 26(a))	81.88	24.45
	314.15	**159.05**

(i) Information about individual material provisions and significant estimates

Provision for Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

Particulars	March 31, 2023	March 31, 2022
Provision for Warranty		
As at April 1, 2022	133.51	101.93
Additional provisions recognised	189.09	133.51
Amounts utilised / reversed during the year	(133.51)	(101.93)
As at March 31, 2023	**189.09**	**133.51**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations

(i) Leave obligations

The leave obligations cover the group's liability for earned leave and sick leave.

a) The total provision for compensated absences amounts to ₹188.40 million and ₹111.25 million for March 31, 2023 & March 31, 2022, respectively.

The provision amount of ₹81.88 million (March 31, 2022 ₹24.45 million) is presented as current, since the group expects to settle the full amount of current leave obligation in the next 12 months.

The above total provision includes sick leave provision amounting to ₹21.66 million and ₹11.51 million for year ended March 31, 2023 and March 31, 2022, respectively.

Out of the total sick leave provision, the provision amount of ₹4.07 million (March 31, 2022 ₹2.13 million) is presented as current, calculated based on expected availment by the employees within next 12 months.

(ii) Defined contribution plans

Provident Fund:

The group also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund and social security funds administered by the government of respective geography. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Superannuation Fund:

The group contributes a percentage of eligible employees salary towards superannuation fund administered by a fund managed by Life Insurance Corporation of India.

The expense recognised during the period towards defined contribution plan is ₹329.53 million (March 31, 2022 – ₹292.66 million).

(iii) Post-employment benefit obligations – Gratuity

The group provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is a funded plan and the group makes contribution to recognised fund in India. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations (Continued...)

Balance sheet amounts- Gratuity (India)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
April 01, 2021	**309.97**	**297.87**	**12.10**
Current service cost	26.45	–	26.45
Past service cost	0.85	–	0.85
Interest expense/(income)*	19.06	18.43	0.63
Total amount recognised in profit or loss	**46.36**	**18.43**	**27.93**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)*	–	0.05	(0.05)
(Gain)/loss from change in demographic assumptions*	(0.18)	–	(0.18)
(Gain)/loss from change in financial assumptions*	(7.73)	(1.04)	(6.69)
Experience (gains)/losses*	(13.52)	2.42	(15.94)
Total amount recognised in other comprehensive income	**(21.43)**	**1.43**	**(22.86)**
Employer contributions	–	18.14	(18.14)
Benefit payments	(26.15)	(26.15)	–
March 31, 2022	**308.75**	**309.72**	**(0.97)**
Gratuity assets grouped under Other Current assets (refer note 17)			2.06
Gratuity liabilities grouped under Current provisions (refer note 26)			1.09

*to be construed as gain/(loss) for column 'B'.

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
April 01, 2022	**308.75**	**309.72**	**(0.97)**
Current service cost	24.94	–	24.94
Interest expense/(income)*	21.52	19.67	1.85
Total amount recognised in profit or loss	**46.46**	**19.67**	**26.79**
Remeasurements			
(Gain)/loss from change in demographic assumptions*	0.24	–	0.24
(Gain)/loss from change in financial assumptions*	(5.22)	1.14	(6.36)
Experience (gains)/losses*	24.50	(0.99)	25.49
Total amount recognised in other comprehensive income	**19.52**	**0.15**	**19.37**
Employer contributions	–	2.63	(2.63)
Benefit payments	(38.15)	(37.59)	(0.56)
March 31, 2023	**336.58**	**294.58**	**42.00**
Gratuity assets grouped under Other Current assets (refer note 18)			1.18
Gratuity liabilities grouped under Current provisions (refer note 26)			43.18

*to be construed as gain / (loss) for column 'B'.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations (Continued...)

(iv) Post-employment benefits

The significant actuarial assumptions were as follows

Particulars	March 31, 2023	March 31, 2022
Discount Rate*	7.40%	6.89%
Rate of increase in compensation levels*	6.91%	6.67%
Attrition Rate*	8.43%	8.63%

*represents weighted average rate

(v) Sensitivity Analysis

A. Discount Rate + 50 BP		
Defined Benefit Obligation [PVO]	326.71	299.73
B. Discount Rate - 50 BP		
Defined Benefit Obligation [PVO]	344.05	316.72
C. Salary Escalation Rate +50 BP		
Defined Benefit Obligation [PVO]	342.57	315.31
D. Salary Escalation Rate -50 BP		
Defined Benefit Obligation [PVO]	328.04	300.99

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) Major Category of Plan Assets as a % of total Plan Assets

Particulars	March 31, 2023	March 31, 2022
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Risk exposure

The group operates the India Gratuity Plan through a trust fund which invests in Life Insurance Corporation of India.

Asset Volatility: A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the group is not exposed to the risk of asset volatility as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations (Continued...)

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 7.50 years (March 31, 2022 – 9.93 years).

The following payments are expected towards the defined benefit obligation in the future years.

Particulars	March 31, 2023	March 31, 2022
Within next 12 months (next annual reporting period)	73.74	60.82
Between 1 to 2 years	44.37	39.64
Between 2 to 5 years	146.47	135.13
Beyond 5 years	222.78	208.52
Total	**487.36**	**444.11**

(ix) Provision for other employee terminal benefits

The group operates defined benefit plans in United Arab Emirates (UAE), Italy and Indonesia under the respective regulatory group framework. The terminal benefits are paid to the employees on termination or completion of their term of employment.

Balance sheet amounts– other employee terminal benefits (UAE, Italy and Indonesia)

Particulars	UAE	Italy	Indonesia	Total
Balance as at the April 1, 2021	**19.78**	**25.83**	**3.53**	**49.14**
Provided during the year	3.31	19.86	2.19	25.36
Paid during the year	(0.89)	(18.86)	–	(19.75)
Exchange difference	0.77	(0.60)	0.17	0.34
Balance as at the March 31, 2022	**22.97**	**26.23**	**5.89**	**55.09**
Balance as at the April 1, 2022	**22.97**	**26.23**	**5.89**	**55.09**
Provided during the year	3.76	21.63	4.11	29.50
Paid during the year	(1.63)	(21.85)	–	(23.48)
Exchange difference	1.98	2.94	–	4.92
Balance as at the March 31, 2023	**27.08**	**28.95**	**10.00**	**66.03**
Provision for defined benefits- Non-Current (refer note 23)				66.03

The above plans are unfunded as on March 31, 2023 and March 31, 2022.

(x) Summary for funded and Unfunded Plan

Particulars	March 31, 2023	March 31, 2022
Funded Plans		
Present value of funded obligations	336.58	308.75
Fair value of plan assets	294.58	309.72
Net Deficit (A)	**42.00**	**(0.97)**
Unfunded Plans (B)	**66.03**	**55.09**
Total Deficit (A) + (B)	**108.03**	**54.12**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

27 Income Taxes

(a) Income tax expense

Particulars	March 31, 2023	March 31, 2022
(a) Income tax expense **Current tax**		
Current tax on profits for the year	1,375.22	846.57
Total current tax expense	**1,375.22**	**846.57**
Deferred tax Deferred tax expense/(benefit) for the year	20.39	(0.54)
Total deferred tax expense/(benefit)	**20.39**	**(0.54)**
Income tax expense	**1,395.61**	**846.03**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate Profit before income tax expense	5,103.70	2,630.31
Tax at the Indian tax rate of 25.168% (2021-2022– 25.168%)	**1,284.50**	**662.00**
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect due to non-taxable income for India tax purposes – Corporate social responsibility expenditure and donations	18.26	7.02
– Deduction u/s 24 of IT Act (Income from house property)	(1.34)	(1.35)
– Provision for tax relating to earlier years no longer required	(41.40)	–
– Others	(1.29)	(17.58)
Deferred tax asset not recognised on accumulated unabsorbed tax losses in overseas subsidiaries	169.23	173.76
Deferred tax asset recognised on unabsorbed losses of a subsidiary and accrued expenses	(54.96)	–
Share of profit of joint ventures picked up net of tax	(6.24)	(3.32)
Tax impact of EPSAC Business transfer from one entity to another group entity	–	8.24
Effect of differential overseas tax rate*	47.82	13.06
Others	(18.97)	4.19
Income tax expense	**1,395.61**	**846.03**

(c) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

27 Income Taxes (Continued...)

***Applicable tax rates in the following subsidiaries that are material are as follows:**

Particulars	March 31, 2023	March 31, 2022
United Arab Emirates (UAE)	0.00%	0.00%
Australia	30.00%	30.00%
Italy	27.50%	27.50%
Belgium	25.00%	25.00%
Brazil	34.00%	34.00%
United State of America (USA)	26.50%	26.50%

(b) Income Tax Assets / Liabilities

Non-current tax assets (Net)	15.19	8.16
Current Tax Liabilities (Net)	228.31	259.07
Net tax asset/(liability) at the end of the year	**(213.12)**	**(250.91)**
Opening balance	**(250.91)**	**(178.99)**
Add : Tax paid (net of refund received)	1,187.04	784.20
Add : Tax paid on gain from disposal of assets held for sale recognised as Exceptional items (refer note 51)	221.12	–
Less: Current tax payable for the year	(1,375.22)	(846.57)
Less: Current tax payable on gain on sale of treasury shares recognised directly in retained earnings	–	(3.82)
Less: Income tax on other comprehensive income	4.85	(5.73)
Net Current tax asset/(liability) at the end of the year	**(213.12)**	**(250.91)**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

27 Income Taxes (Continued...)

(c) Deferred Tax Asset/Liabilities

Particulars	Deferred Tax Asset (Net)		Deferred Tax Liabilities (Net)	
	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
Depreciation	16.66	3.84	254.95	230.45
Right of use assets	(5.92)	(4.62)	116.78	92.78
Foreign exchange forward contracts	4.02	(4.28)	–	–
Fair value gains on Equity instruments	(3.35)	–	–	–
Set-off of deferred tax assets in relation to:				
Provision for compensated absences	33.77	26.99	–	–
Provision for Warranty	47.36	33.33	–	–
Allowance for doubtful debts	20.35	17.14	(0.78)	(2.70)
Lease liabilities	6.89	5.77	(126.92)	(100.39)
VRS	8.00	–	–	–
Other timing differences	19.96	13.63	(12.51)	(14.97)
Accumulated Loss	13.17	–	–	(145.71)
Accrued expenses	30.84	–	–	–
Unrealised Gain in Stock	120.09	82.90	(6.99)	–
	311.84	**174.70**	**224.53**	**59.46**

The gross movement in the deferred income tax account for the year ended March 31, 2023, March 31, 2022 is as follows,

Particulars	March 31, 2023	March 31, 2022
Net deferred tax (asset)/liability at the beginning of the year	**(115.24)**	**(124.84)**
(Credits)/charge in profit and loss relating to temporary differences	20.39	(0.54)
(Credits)/charge in other comprehensive income relating to temporary differences	6.31	7.95
Translation differences	1.23	2.19
Net deferred tax (asset)/liability at the end of the year	**(87.31)**	**(115.24)**

Tax losses		
Unused accumulated tax losses for which no deferred tax asset has been recognised	2,374.00	1,542.25
Potential tax benefit at 25% (represents respective country's income tax rate)	593.50	385.56

Certain subsidiaries of the group have undistributed earnings, which if distributed, would be subject to tax. An assessable temporary difference exists but, no deferred tax liability has been recognised as the parent entity is able to control the timing of the distribution from the subsidiaries. These subsidiaries are not expected to distribute the dividends out of accumulated earnings in the foreseeable future.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

28 Other current liabilities

Particulars	March 31, 2023	March 31, 2022
Contract liabilities	334.12	241.47
Statutory payable	211.09	117.32
Rental advances received	1.50	1.50
Other liabilities	26.09	32.77
	572.80	**393.06**

29 Revenue from operations

The group derives following types of revenue:		
Revenue from contracts with customers Sale of products	28,070.54	23,354.26
Sale of services	2,149.01	1,727.06
Other operating revenues	187.43	165.74
Total	**30,406.98**	**25,247.06**

a) The group has disaggregated revenue from contracts with customers for the year ended March 31, 2023 and March 31, 2022 by nature of product and geography. The group believes that disaggregation best depicts how the nature and cash flows are effected by industry, market and other economic factors. Refer note 41 Segment information for information related to disaggregation of revenue.

b) Revenue recognised for the year ended March 31, 2023 from opening balance of contract liabilities is ₹206.73 million (March 31, 2022: ₹149.93 million).

c) In respect of remaining performance obligations, the disclosure towards allocation of transaction price do not arise as the contracts that have an original expected duration of more than one year are not significant.

30 Other income

Interest income - Bank Deposits	201.34	91.33
Interest income - Others	12.96	12.45
Dividend income*	0.71	0.50
Profit on sale of assets	118.22	155.52
Rental receipts	17.04	18.15
Net gain on foreign currency transaction and translation (other than considered as finance cost)	200.59	210.03
Miscellaneous income (net)	121.29	61.76
	672.15	**549.74**

*All dividends from equity investments designated at FVOCI relate to investments held at the end of reporting period. There were no investments derecognised during the reporting period.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

31 Cost of material consumed

Particulars	March 31, 2023	March 31, 2022
Opening stock of raw materials*	1,676.37	1,376.69
Purchases	12,661.51	11,803.19
	14,337.88	**13,179.88**
Less:		
Inventory of materials at the end of the year*	2,067.03	1,676.37
	12,270.85	**11,503.51**

*excluding R & D inventory.

32 Purchases of stock-in-trade

Oil	352.33	327.17
Others	3,478.53	2,842.22
	3,830.86	**3,169.39**

*consists of numerous items which are individually insignificant

33 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Opening inventory* -Finished goods	2,367.62	1,408.66
-Work-in-progress	320.33	203.83
-Stock- in-trade	350.21	323.06
Closing inventory* -Finished goods	3,045.35	2,367.62
-Work-in-progress	368.42	320.33
-Stock- in-trade	392.24	350.21
	(767.85)	**(1,102.61)**

*excluding R & D inventory.

34 Employee benefits Expense

Salaries, wages and bonus	4,955.16	4,213.12
Contribution to Provident fund, Social security funds & Superannuation scheme	329.53	292.66
Gratuity (Refer note 26(a))	26.79	27.93
Post employment pension benefits (refer note 26(a))	29.50	25.36
Voluntary Retirement scheme (VRS)	26.81	-
Employee stock option expense (refer note 47)	6.80	8.83
Staff welfare expenses	344.34	271.57
	5,718.93	**4,839.47**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

35 Finance costs

Particulars	March 31, 2023	March 31, 2022
Interest expenses (relating to lease liabilities)	33.48	27.57
Interest expenses (other financing arrangements)	164.22	83.54
	197.70	**111.11**

36 Depreciation and amortisation expense

Depreciation of property, plant and equipment	462.69	444.92
Depreciation on investment properties	0.02	0.05
Depreciation of right of use assets	213.47	182.02
Amortisation of intangible assets	101.02	117.94
	777.20	**744.93**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

37 Other expenses

Particulars	March 31, 2023	March 31, 2022
Packing & forwarding	291.08	325.48
Consumption of stores	133.96	121.35
Tools consumed	75.01	72.97
Commission	286.80	249.03
Repairs and maintenance		
-Building	52.49	43.99
-Plant and machinery	141.02	118.17
-Others	164.68	147.95
Communication expenses	54.54	56.64
Power and fuel	245.07	213.90
Transport charges	1,054.77	805.72
Travelling & conveyance	364.17	217.09
Insurance	87.65	90.77
Advertisement & publicity	201.52	127.29
Printing and stationery	32.90	30.51
Research & development material cost	48.22	58.02
After sales expenses	418.27	293.42
Factory expenses	32.89	23.32
Rates and taxes	35.93	29.30
Payment to the auditors (refer note 37(a))	8.41	6.30
Subscription & membership	15.51	16.89
CSR expenses	35.40	27.70
Donations	37.17	0.17
Rent	78.49	47.74
Legal and consultancy charges (refer note 47)	707.01	425.03
Contract staffing	158.04	142.02
Directors' sitting fees	1.70	2.41
Bank charges	43.70	38.38
Assets condemned & written off/loss on sale of assets	2.14	-
Bad debts and allowance for doubtful debts	34.58	21.39
Loss recognised on loss of control over subsidiary	-	19.18
Miscellaneous expenses	183.28	141.74
	5,026.40	**3,913.87**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

37 (a) Details of payment to auditors

Particulars	March 31, 2023	March 31, 2022
Payment to auditors		
-Audit fees	6.00	4.65
-Limited review	1.50	1.05
-Certification services	0.50	0.30
-Reimbursement of out of pocket expenses	0.41	0.30
	8.41	**6.30**

38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2023			March 31, 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
-Equity instruments	-	135.07	-	-	107.99	-
Loans	-	-	106.65	-	-	106.16
Trade receivables	-	-	5,507.07	-	-	4,718.82
Cash and other bank balances	-	-	3,510.19	-	-	2,198.46
Deposits with financial institutions	-	-	2,192.00	-	-	585.00
Derivatives not designated as hedges						
-Foreign exchange forward contracts	-	-	-	17.00	-	-
Security deposits	-	-	70.90	-	-	65.48
Derivatives designated as hedges						
-Interest rate swap	-	2.75	-	-	-	-
Others	-	-	115.97	-	-	42.80
Total financial assets	**-**	**137.82**	**11,502.78**	**17.00**	**107.99**	**7,716.72**
Financial liabilities						
Borrowings	-	-	5,087.08	-	-	3,714.96
Trade payables	-	-	3,138.25	-	-	3,186.61
Dealer deposits	-	-	36.11	-	-	33.08
Derivatives not designated as hedges						
-Foreign exchange forward contracts	15.98	-	-	-	-	-
Derivatives designated as hedges						
-Interest rate swap	-	-	-	-	7.33	-
Employee benefit expenses payable	-	-	756.39	-	-	684.18
Others	-	-	77.10	-	-	42.10
Total financial liabilities	**15.98**	**-**	**9,094.93**	-	**7.33**	**7,660.93**

*The equity shares which are not held for trading and for which the group has made irrevocable election at initial recognition to recognise the changes in fair value through Other Comprehensive Income (OCI) rather than profit or loss as these are strategic investments and the group considered this to be more relevant.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI:					
Quoted Equity Investments	6	120.64	-	-	120.64
Unquoted Equity Investments	6	-	-	14.43	14.43
Derivatives designated as hedges					
Interest rate swap	8, 16	-	2.75	-	2.75
Total financial assets		**120.64**	**2.75**	**14.43**	**137.82**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	25	-	15.98	-	15.98
Total financial liabilities		**-**	**15.98**	**-**	**15.98**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2023	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to employees	7, 15	-	-	106.65	106.65
Security deposits	8, 16	-	-	70.90	70.90
Total financial assets		-	-	**177.55**	**177.55**
Financial Liabilities					
Borrowings	21 (a)	-	-	5,087.08	5,087.08
Total financial liabilities		-	-	**5,087.08**	**5,087.08**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives not designated as hedges					
Foreign exchange forward contracts	16	-	17.00	-	17.00
Financial Investments at FVOCI:					
Quoted Equity Investments	6	107.97	-	-	107.97
Unquoted Equity Investments	6	-	-	0.02	0.02
Total financial assets		**107.97**	**17.00**	**0.02**	**124.99**
Financial liabilities					
Derivatives designated as hedges					
Interest rate swap	22, 25	-	7.33	-	7.33
Total financial liabilities		**-**	**7.33**	**-**	**7.33**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to employees	7, 15	-	-	106.16	106.16
Security deposits	8, 16	-	-	65.48	65.48
Total financial assets		**-**	**-**	**171.64**	**171.64**
Financial Liabilities					
Borrowings	21 (a)	-	-	3,714.96	3,714.96
Total financial liabilities		**-**	**-**	**3,714.96**	**3,714.96**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments, that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investment in unquoted equity instrument (First Energy TN1 Pvt Ltd), pursuant to power purchase arrangement, is determined to have cost as an appropriate measure of fair value due to restriction to sell at face value.

There are no transfers between level 1, level 2 and level 3 during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

	March 31, 2023		March 31, 2022	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans				
Loans to employees	106.65	106.65	106.16	106.16
Security deposits	70.90	70.90	65.48	65.48
Total financial assets	**177.55**	**177.55**	**171.64**	**171.64**
Financial Liabilities				
Borrowings	5,087.08	5,087.08	3,714.96	3,714.96
Total financial liabilities	**5,087.08**	**5,087.08**	**3,714.96**	**3,714.96**

The carrying amounts of trade receivables, trade payables, dealer deposits, cash and cash equivalents, deposits with financial institutions, borrowings and other current financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature and in the case of borrowings due to fact that they are subject to variable rate of interest.

The fair values for loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The deposits are payable on demand and hence their carrying amount is considered as fair value. The borrowings carry a variable rate of interest and hence their carrying amount is considered as fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management

The group's activities expose it to market risk, liquidity risk and credit risk.

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current years profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposit with financial institutions, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of bank/ Financial institutions deposits, credit limits and letters of credit.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk-foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Foreign exchange forward contracts
Market risk-Interest rate	Long term borrowings at Variable rates	Sensitivity analysis	Interest rate swaps
Market risk-security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

The group's risk management is carried out by treasury department under policies approved by the Board of Directors. Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and hedged item. This will effectively result in recognising interest expense at the fixed interest rate for the hedged floating rate loans.

(A) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed at individual company level. In relation to banks and financial institutions, only high rated banks/institutions are accepted.

The group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the Company. The finance function consists of a separate team who assess and maintain an internal credit rating system. The compliance with the credit limits by customers is regularly monitored by the finance function.

(ii) Security

For some trade receivables, the group may obtain security in the form of guarantees, deeds of undertaking or letter of credit, which can be called upon if counter party is in default under the terms of the agreement.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(iii) Impairment of financial assets

The group assigns the following internal credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of the financial asset. The group provides for expected credit loss based on the following:

			Basis for recognition of expected credit loss provision		
Internal rating	**Category**	**Description of category**	**Cash & Investments**	**Loans and deposits**	**Trade receivables**
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
C2	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss	Asset is written off		

For the years ended March 31, 2023 and March 31, 2022

a) Expected credit loss for loans, security deposits and investments

The group's investments and deposits at amortized cost are considered to have low credit risk since they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

For loans to related parties and employees, the group considers the probability of default upon initial recognition of loan and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are considered:

- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Macroeconomic information (such as market interest rates or growth rates)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

The resultant internal credit rating for loans, deposits and investments is C1. The group has estimated the 12-month expected credit loss in this scenario and the estimated gross carrying amount at default is ₹Nil (March 31, 2022: ₹Nil). There is no expected credit loss recognised for the year ended March 31, 2023 and March 31, 2022.

b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the group based on the groups's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers have sufficient capacity to meet the obligations and the risk of default is negligible.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, if any.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments for a period of greater than 720 days past due and the same is considered as credit impaired.

Impairment losses on trade receivables are presented as loss allowances under other expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

The group has computed the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

Particulars	Not due	Overdue by/past due by					Total
		Less than 3 months	3 months to 6 months	6 months to 1 year	1- 2 years	More than 2 years	
As at March 31, 2023							
Gross carrying amount – trade receivables	4,191.43	903.01	277.21	112.48	50.04	83.62	5,617.79
Expected loss rate	0.0%	0.1%	0.1%	1.3%	12.2%	53.0%	0.9%
Expected credit losses (Loss allowance provision)	–	0.62	0.19	1.51	6.08	44.29	52.69
Loss Allowance - Credit Impaired	–	–	–	17.57	1.13	39.33	58.03
Total Loss allowance provision	**–**	**0.62**	**0.19**	**19.08**	**7.21**	**83.62**	**110.72**
Carrying amount of Trade receivables (net of credit loss allowance)	**4,191.43**	**902.39**	**277.02**	**93.40**	**42.83**	**–**	**5,507.07**
As at March 31, 2022							
Gross carrying amount – trade receivables	3,635.42	667.67	295.01	79.38	47.42	94.17	4,819.07
Expected loss rate	0.0%	0.0%	0.0%	1.4%	4.2%	61.0%	1.3%
Expected credit losses (Loss allowance provision)	–	–	–	1.09	2.00	57.40	60.49
Loss Allowance - Credit Impaired	–	–	–	0.68	2.31	36.77	39.76
Total Loss allowance provision	**–**	**–**	**–**	**1.77**	**4.31**	**94.17**	**100.25**
Carrying amount of Trade receivables (net of credit loss allowance)	**3,635.42**	**667.67**	**295.01**	**77.61**	**43.11**	**–**	**4,718.82**

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 01, 2021	**89.23**
Changes in loss allowance	11.02
Loss allowance on March 31, 2022	**100.25**
Changes in loss allowance	10.47
Loss allowance on March 31, 2023	**110.72**

(B) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of The group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2023	March 31, 2022
Floating rate		
Expiring within one year (including other facilities)	3,439.98	4,124.96

The credit facility sanctioned by the banks are subject to renewal every year.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and can be renewed for further period of 1 year.

(ii) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) All non-derivative financial liabilities, and

(b) Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rate applicable at the end of the reporting period.

Contractual maturities of financial liabilities:

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2023						
Non-derivatives						
Borrowings	1,788.03	990.60	2,092.32	152.99	63.14	5,087.08
Lease liabilities	52.19	48.94	99.90	245.74	234.03	680.80
Trade payables	3,138.25	-	-	-	-	3,138.25
Other financial liabilities	869.60	-	-	-	-	869.60
Total non-derivative liabilities	**5,848.07**	**1,039.54**	**2,192.22**	**398.73**	**297.17**	**9,775.73**
Derivatives (Net settled)*	10.77	5.21	-	-	-	15.98
Total derivative liabilities	**10.77**	**5.21**	-	-	-	**15.98**
March 31, 2022						
Non-derivatives						
Borrowings	774.83	465.35	1,896.79	281.92	296.07	3,714.96
Lease liabilities	41.16	41.16	82.32	164.64	313.96	643.24
Trade payables	3,186.61	-	-	-	-	3,186.61
Other financial liabilities	759.36	-	-	-	-	759.36
Total non-derivative liabilities	**4,761.96**	**506.51**	**1,979.11**	**446.56**	**610.03**	**8,304.17**
Derivatives (Net settled)*	1.57	-	-	-	5.76	7.33
Total derivative liabilities	**1.57**	-	-	-	**5.76**	**7.33**

*includes derivatives designated as Cash flow hedges amounting to ₹ Nil (March 2022: ₹ 7.33 million)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(C) Market risk

(i) Foreign currency risk

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR, AUD, BRL. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

(Amounts in million in respective currency)

	March 31, 2023					March 31, 2022				
Particulars	USD	EUR	AUD	BRL	RMB	USD	EUR	AUD	BRL	RMB
Financial assets										
Trade receivables	6.88	5.49	0.77	8.43	-	2.71	4.88	3.10	6.59	-
Loans (including accrued interest)	7.38	-	-	9.91	-	7.78	-	-	12.90	-
Cash and cash equivalent	0.37	-	-	-	-	0.55	-	-	-	-
Net exposure to foreign currency risk (assets)	**14.63**	**5.49**	**0.77**	**18.34**	-	**11.04**	**4.88**	**3.10**	**19.49**	-
Financial liabilities										
Trade payables	0.50	0.63	0.25	0.15	6.49	1.41	0.60	0.35	0.21	4.14
Net exposure to foreign currency risk (liabilities)	**0.50**	**0.63**	**0.25**	**0.15**	**6.49**	**1.41**	**0.60**	**0.35**	**0.21**	**4.14**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. Amounts in brackets represents loss.

	Impact on profit after tax	
Particulars	March 31, 2023	March 31, 2022
USD sensitivity		
Functional currency/USD Increases by 5%	43.44	27.32
Functional currency/USD decreases by 5%	(43.44)	(27.32)
EURO sensitivity		
Functional currency/EURO Increases by 5%	16.19	13.41
Functional currency/EURO decreases by 5%	(16.19)	(13.41)
AUD sensitivity		
Functional currency/AUD Increases by 5%	1.07	5.83
Functional currency/AUD decreases by 5%	(1.07)	(5.83)
BRL sensitivity		
Functional currency/BRL Increases by 5%	11.05	11.53
Functional currency/BRL decreases by 5%	(11.05)	(11.53)
RMB sensitivity		
Functional currency/RMB Increases by 5%	(2.90)	(1.85)
Functional currency/RMB decreases by 5%	2.90	1.85

The above sensitivity has been computed assuming there is no change in functional currency to INR.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(ii) Cash flow and Fair value interest rate risk

The group's main interest rate risk arises from long term borrowings with variable rates, which exposes the group to cash flow interest rate risk. During the year ended March 31, 2023 and March 31, 2022, the groups borrowings at variable rate are mainly denominated in USD and AUD.

The group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in the market interest rate.

At the end of the reporting period the group has following variable rate long term borrowings and interest rate swap contracts outstanding,

	March 31, 2023		March 31, 2022	
Particulars	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Term Loan – Variable rate borrowings				
–USD	–	–	2.00%	366.63
–EUR	4.01%	89.00	–	–
–AUD	3.93%	315.72	1.65%	456.27
Interest rate swap				
–AUD	4.45%	(315.72)	4.45%	(456.27)
		89.00		**366.63**

The analysis for maturities of borrowings is provided in the note no 37 B(ii) above.

Sensitivity

Profit or loss is sensitive to higher/lower interest expenses from borrowings as the result of change in interest rate.

	Impact on Profit after tax		Impact on other components of equity	
Particulars	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest rate increase by 50 basis points*	(0.32)	(1.35)	(0.05)	(7.36)
Interest rate decrease by 50 basis points*	0.32	1.35	0.05	7.36

*Holding all other variables constant

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

Impact of Hedging activities

a) Disclosure of effects of hedge accounting of Interest rate swap on financial position:

Particulars	March 31, 2023	March 31, 2022
Type of hedge & risk	Cash Flow Hedge -Interest rate risk	Cash Flow Hedge -Interest rate risk
Nominal Value		
–Assets	315.72	456.27
–Liabilities	–	–
Carrying amount of hedging Instrument		
–Assets	2.75	–
–Liabilities	–	7.33
Maturity Date	August 2018– July 2025	August 2018– July 2025
Hedge ratio	1:1	1:1
Rate	4.45%	4.45%
Change in fair value of hedged item (net of tax)	6.48	12.54
Change in value of hedging instrument used as basis for recognising hedge ineffectiveness	(6.48)	(12.54)

Hedge effectiveness:

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans; therefore, the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases and sales. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

There was no recognised ineffectiveness during financial year ended March 31, 2023 or March 31, 2022 in relation to interest rate swaps.

Refer table below in relation to disclosures of effect of hedge accounting on financial performance.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(b) Disclosure of effect of hedge accounting on financial performance:

Interest rate swap	March 31, 2023	March 31, 2022
Cash flow hedging reserve		
Opening balance	**(2.26)**	(20.81)
Add: Changes in fair value of interest rate swaps	6.48	12.54
Less: Amounts of loss reclassified to profit or loss	3.37	13.96
Less: Deferred tax asset relating to above (net)	(2.96)	(7.95)
Closing balance	**4.63**	(2.26)

(ii) Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

The majority of the group's equity instruments are publicly traded and are included in the Nifty 50 index.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the group's equity and total comprehensive income for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the group's equity instruments moved in line with the index.

	Impact on other components of equity	
Particulars	**March 31, 2023**	March 31, 2022
NSE Nifty 50-increase 5%	5.31	5.40
NSE Nifty 50-decrease 5%	(5.31)	(5.40)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value though other comprehensive income.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

40 Capital management

(a) Risk management

The group's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, The group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings and lease liabilities net of cash and cash equivalents and deposits with Banks and Financial Institutions) divided by Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the group is as follows:

Particulars	March 31, 2023	March 31, 2022
Net debt (refer note 21)	82.54	1,582.09
Total equity	13,711.55	10,325.13
Net debt to equity ratio	**0.6%**	15.3%

(i) Loan covenants

The group has complied with all the loan covenants throughout the reporting period.

(b) Dividends (gross of dividend paid to joint venture)

(i) Equity shares		
Final dividend for the year ended March 31, 2022	364.45	-
(ii) Dividends not recognised at the end of the reporting period		
For the year ended March 31, 2022, directors had recommended the payment of a final dividend of ₹1.15 per fully paid equity share which was subsequently approved by the shareholders in the annual general meeting.	-	364.45
Subsequent to the year ended March 31, 2023, the directors have recommended the payment of a final dividend of ₹2.00 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	633.82	-

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41 Segment Information

(a) Description of segments and principal activities

The chief operating decision maker (CODM) (i.e. the Managing Director of Elgi Equipments Limited) examines the group's performance from a product perspective and has identified two reportable segments of its business:

(a) Air compressors

(b) Automotive equipments

(b) Segment Revenue

The segment revenue is measured in the same way as in the statement of profit or loss.

Particulars	March 31, 2023	March 31, 2022
Air Compressors	28,134.62	23,275.66
Automotive equipments	2,297.87	1,988.60
Less: Inter segment revenue	(25.51)	(17.20)
Income from operations	**30,406.98**	**25,247.06**

(c) Segment profit before tax

Segment profit before tax is measured in the same way as in the statement of profit and loss.

Air Compressors	3,765.68	2,438.84
Automotive equipments	259.80	178.25
Add/(Less): Inter segment profit/(loss)	(0.44)	0.04
Total	**4,025.04**	**2,617.13**
Share of net profit of joint ventures accounted for using the equity method	24.79	13.18
Exceptional Item	1,053.87	-
Total profit before tax	**5,103.70**	**2,630.31**

(d) Segment Assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

Air Compressors	23,331.96	18,230.32
Automotive equipments	1,688.27	1,428.09
Less: Inter segment assets	(4.63)	(9.25)
Total Segment Assets	**25,015.60**	**19,649.16**

(e) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

a) Air Compressors	10,776.97	8,923.38
b) Automotive equipments	532.66	411.29
Less: Inter segment liabilities	(5.58)	(10.64)
Total Segment Liabilities	**11,304.05**	**9,324.03**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

41 Segment Information (Continued...)

(f) Capital Employed

Capital employed is measured as the difference between segment assets and segment liabilities.

Particulars	March 31, 2023	March 31, 2022
a) Air Compressors	12,554.99	9,306.94
b) Automotive equipments	1,155.61	1,016.80
Add: Inter segment capital employed	0.95	1.39
Total Capital employed	**13,711.55**	**10,325.13**

Note:

i) The group has provided the segment information to the extent consistently reviewed by the CODM.

ii) Revenues from transactions with no single external customer amount to 10 per cent of the group's revenues.

iii) Previous year segment information have been presented in accordance with current year classification.

(g) Disaggregation of revenue from contracts with customers

Sales between segments are carried out at arm's length and are eliminated on consolidation. The segment revenue is measured in the same way as in the statement of profit and loss.

Geography	Total revenue (A)	Inter-company revenue (B)	Revenue from external customers (A)+(B)
March 31, 2023			
India	14,598.13	(43.45)	14,554.68
Other regions			
Americas	11,996.59	(3,000.67)	8,995.92
Europe	5,132.60	(1,857.90)	3,274.70
Australia	2,095.86	(554.56)	1,541.30
Others	2,563.08	(522.70)	2,040.38
	36,386.26	**(5,979.28)**	**30,406.98**
March 31, 2022			
India	13,553.32	(68.64)	13,484.68
Other regions			
Americas	8,533.43	(2,046.29)	6,487.14
Europe	4,196.93	(1,710.51)	2,486.42
Australia	1,693.30	(462.33)	1,230.97
Others	2,093.40	(535.55)	1,557.85
	30,070.38	**(4,823.32)**	**25,247.06**

The inter-company revenue from one region to another has been disclosed in the buying region and eliminated accordingly.

(h) The total non-current Assets other than financial instruments, investments accounted under equity method and deferred tax assets broken down by location of assets is shown below:

Particulars	March 31, 2023	March 31, 2022
India	2,657.05	2,461.79
Americas	1,951.34	1,821.96
Europe	776.93	778.57
Australia	488.99	541.44
Others	95.66	91.62
Total non-current assets	**5,969.97**	**5,695.38**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

42 Interests in other entities

(a) Subsidiaries

The group's subsidiaries are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the group		Principal Activities
		March 31, 2023	March 31, 2022	
		%	%	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Gulf FZE	U.A.E.	100	100	Trading of air compressors
Elgi Gulf Mechanical and Engineering Equipment Trading LLC	U.A.E.	100	100	Trading of air compressors
Elgi Compressors Do Brasil Imp.E.Exp LTDA	Brazil	100	100	Trading of air compressors
Elgi Equipments Australia Pty Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Italy S.R.L	Italy	100	100	Manufacture and trading of compressors
Rotair SPA	Italy	100	100	Manufacture and trading of compressors, hydraulic hammers and rampi cars
Elgi Compressors Europe S.R.L	Belgium	100	100	Trading of air compressors
Elgi Compressors Iberia S.L.	Spain	100	100	Marketing of air compressors
Elgi Compressors Nordics	Sweden	100	100	Marketing of air compressors
Elgi Compressors Eastern Europe sp. z.o.o.	Poland	100	100	Marketing of air compressors
Elgi Compressors UK and Ireland Limited	United Kingdom	100	100	Marketing of air compressors
Elgi Compressors Southern Europe S.R.L	Italy	100	100	Marketing of air compressors
Elgi Compressors France SAS	France	100	100	Marketing of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Patton's Inc	USA	100	100	Trading of air compressors
Patton's Medical LLC.	USA	100	100	Manufacturing and Trading of compressed air systems and vacuum pumps for medical applications
Michigan Air Solutions LLC	USA	100	100	Trading of air compressors
Industrial Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
F.R. Pulford & Son Pty Limited	Australia	100	100	Trading of air compressors, nitrogen systems, altitude training systems
Advanced Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

42 Interests in other entities (Continued...)

Name of entity	Place of business	Ownership interest held by the group		Principal Activities
		March 31, 2023	March 31, 2022	
		%	%	
Adisons Precision Instruments Manufacturing Company Limited	India	100	100	Renting out of property
PT Elgi Equipments Indonesia	Indonesia	100	100	Trading of air compressors
Elgi Compressors (M) SDN. BHD.	Malaysia	100	100	Trading of air compressors
Elgi Compressors Vietnam LLC (incorporated on March 01, 2023)*	Vietnam	*	-	Trading of air compressors
Ergo Design Private Limited	India	100	100	Design services

*Investment has not been made in the company yet and there are no transactions as of and for the year ended March 31, 2023.

The Company operates the ESOP plan through Elgi Equipments Limited Employee Stock Option Trust and accordingly the interest in the trust is included in the consolidated financials statements.

(b) Joint Operations

The group has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros (Firm) which was set up as partnership together with Elgi Ultra Limited to earn rental income from Investment Property.

The group has 80% interest in a joint arrangement called Elgi Services which was set up as partnership together with Elgi Ultra Private Limited.

The principal place of business of the joint operations is in India.

The joint agreements in relation to the above joint arrangements require unanimous consent from both parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entities are therefore classified as a joint operations and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

42 Interests in other entities (Continued...)

(c) Joint Venture

Set out below are the associates and joint ventures of the group as at March 31, 2023 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Principal Place of business	Proportion of the ownership interest	Relationship	Quoted fair value		Carrying amount	
				March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Elgi Sauer Compressors Limited	India	26%	Joint venture	*	*	96.78	83.74
Industrial Air Solutions LLP	India	50%	Joint venture	*	*	0.79	9.29
Evergreen Compressed Air and Vacuum LLC**	USA	50%	Joint venture	*	*	35.20	27.35
PLA Holding Company LLC**	USA	50%	Joint venture	*	*	47.61	59.68
Immaterial joint ventures (iii) below**						54.51	20.90
Total equity accounted investments						**234.89**	200.96

*unlisted entity – no quoted price available.
**jointly controlled entity of Elgi Compressors USA Inc..

Elgi Sauer Compressors Limited was set up as a company together with JP Sauer & Sohn Maschinenbau GMBH to sell compressors and their parts along with rendering engineering services.

The Company has 50% share in Industrial Air Solutions LLP which was set up as Limited liability partnership in India with Mr. Rajeev Sharma, for distribution of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Evergreen Compressed Air and Vacuum LLC, with Mr.Michael Keim for a share of 50% each. The joint venture is having registered office at Seattle, USA and will be the distributor of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Compressed Air Solutions of Texas, LLC, with Mr.Bryan Becker for a share of 50% each. The joint venture is a distributor of products for compressed air systems mainly in the state of Texas.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called PLA Holding Company, LLC, with Mr. Jeffery Brandon Todd for a share of 50% each. The joint venture was formed in the state of North Carolina. PLA Holding Company, LLC, wholly owns Pattons of California, LLC, a California company which is a distributor of products for compressed air systems mainly in the state of California.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called G3 Industrial Solutions, LLC, with Mr.Chad Gooding and Mr.Luke Johnson for a share of one third for each. The joint venture is a distributor of products for compressed air systems mainly in the states of Kansas city and Missouri.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Gentex Air Solutions, LLC, with Mr. James Gery Naico and Mr.Diego Hernandez for a share of one third for each. The joint venture is a distributor of products for compressed air systems mainly in the states of North Carolina.

On March 09, 2023, the Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called CS Industrial Services, LLC, with Mr. Kevin Melisz and Mr.Jeff Kurczewski for a share of one third for each. The joint venture is a distributor of products for compressed air systems mainly in the states of Western Newyork.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

42 Interests in other entities (Continued...)

(i) Commitments and contingent liabilities in respect of joint ventures

Particulars	March 31, 2023	March 31, 2022
Commitments – joint ventures		
Capital commitments	6.48	40.69
Contingent liabilities – joint ventures		
Share of joint ventures contingent liabilities in respect of legal matters against the entity and guarantees	33.71	23.46

(ii) Summarised financial information for material joint ventures

The tables below provide summarised financial information for the joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the joint ventures and not the group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
Summarised balance sheet	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Current assets								
Cash and cash equivalents	114.33	65.85	14.23	27.90	3.51	3.08	20.25	5.81
Other assets	248.13	331.94	92.86	70.65	56.60	41.34	48.39	92.62
Total current assets	**362.46**	**397.79**	**107.09**	**98.55**	**60.11**	**44.42**	68.64	**98.43**
Total non-current assets *	**388.39**	**60.89**	**10.94**	**12.52**	**9.21**	**9.52**	**45.19**	**38.91**
Current liabilities								
Financial liabilities (excluding trade payables)	127.25	31.93	1.80	1.90	4.14	1.60	7.09	10.63
Other liabilities	111.82	102.61	67.96	56.77	17.00	9.33	81.87	62.16
Total current liabilities	**239.07**	**134.54**	**69.76**	**58.67**	**21.14**	**10.93**	**88.96**	**72.79**
Non-current liabilities								
Employee benefit obligations & Others	139.42	1.96	–	–	6.72	6.96	–	–
Total non-current liabilities	**139.42**	**1.96**	–	–	**6.72**	**6.96**	–	–
Net assets	**372.36**	**322.18**	**48.27**	**52.40**	**41.46**	**36.05**	**24.87**	**64.55**

** Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.*

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

42 Interests in other entities (Continued...)

Reconciliation to carrying amounts	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Share Capital-Opening	6.50	6.50	8.00	8.00	18.86	18.86	14.62	14.62
Capital Investments	-	-	-	-	-	-	-	-
Share Capital- Closing [A]	**6.50**	6.50	**8.00**	8.00	**18.86**	18.86	**14.62**	14.62
Share Capital- Class B Interest* [B]	-	-	-	-	**31.43**	21.69	**73.05**	66.69
Other Equity–Opening	**315.68**	275.75	**44.40**	31.11	**(4.50)**	(7.24)	**(16.76)**	(3.35)
Profit for the year	123.09	98.50	19.18	23.97	(5.74)	2.55	(44.24)	(14.22)
Other comprehensive income**	0.98	1.05	-	-	-	-	-	-
Interest on capital	-	-	0.69	(0.61)	-	-	-	-
Dividends paid including dividend distribution tax and Partners Drawings	(73.89)	(59.62)	(24.00)	(10.07)	-	-	-	-
Translation difference	-	-	-	0.02	1.40	0.19	(1.80)	0.81
Other Equity- Closing [C]	**365.86**	315.68	**40.27**	44.40	**(8.84)**	(4.50)	**(62.80)**	(16.76)
Closing net assets [A+B+C]	**372.36**	322.18	**48.27**	52.40	**41.46**	36.05	**24.87**	64.55
Group's share in % **[D]**	26%	26%	50%	50%	50%	50%	50%	50%
Group's share in Share Capital in INR millions (including Class B interest) **[A*D+B]**	1.69	1.69	4.00	4.00	40.86	31.12	80.36	74.00
Group's share in Other Equity in INR millions **[C*D]**	95.12	82.08	20.14	22.19	(4.42)	(2.25)	(31.40)	(8.38)
Unrealised profit in stock	(0.03)	(0.03)	(23.35)	(16.90)	(1.24)	(1.52)	(1.35)	(5.94)
Carrying amount	**96.78**	83.74	**0.79**	9.29	**35.20**	27.35	**47.61**	59.68

**Class B shares have certain preferences over ordinary equity shares.*

*** Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.*

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

42 Interests in other entities (Continued...)

Summarised statement of profit and loss	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue	548.74	442.52	409.43	394.83	172.91	118.49	214.99	183.11
Interest income	2.54	6.38	0.03	0.26	–	–	–	–
Depreciation and amortisation	1.34	1.14	1.71	1.91	3.51	1.89	3.13	0.47
Income tax expense	40.93	30.42	10.30	12.88	0.83	–	–	–
Profit for the year	**123.09**	98.50	**19.18**	23.97	**(5.74)**	2.55	**(44.24)**	(14.22)
Other comprehensive income*	0.98	1.05	–	–	–	–	–	–
Total comprehensive income	**124.07**	99.55	**19.18**	23.97	**(5.74)**	2.55	**(44.24)**	(14.22)
Dividends received	**19.21**	15.50	**12.00**	5.00	–	–	–	–

** Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.*

(iii) Individually immaterial joint ventures

In addition to the interest in joint ventures disclosed above, the group has interests in a number of individually immaterial joint ventures that are accounted for using equity method:

Particulars	March 31, 2023	March 31, 2022
Aggregate carrying amount of individually immaterial joint ventures	54.51	20.90
Aggregate amounts of group's share of:		
Profit for the year (net of Unrealised profits on stock)	8.56	(8.24)
Other comprehensive income	–	–
Total comprehensive income	**8.56**	**(8.24)**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

43 Related party transactions

(a) Name of the related parties and nature of relationship:

(i) Where control exists:

Subsidiaries	Interests in subsidiaries are set out in note 42.

(ii) Other related parties with whom transactions have taken place during the year

Joint venture	Elgi Sauer Compressors Limited
	Industrial Air Solutions LLP
	Evergreen Compressed Air and Vacuum LLC (jointly controlled entity of Elgi Compressors USA Inc.)
	Compressed Air Solutions of Texas, LLC (jointly controlled entity of Elgi Compressors USA Inc.)
	PLA Holding Company LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	Patton's Of California LLC. (wholly owned subsidiary of PLA Holding Company LLC.)
	G3 Industrial Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	Gentex Air Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	CS Industrial Services, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
Post employment benefit plan	Elgi Equipments Gratuity Fund
(Refer note 26(a))	Elgi Equipments Superannuation Fund
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Ltd
	Mr. Jayakanthan R, Chief Financial Officer, Elgi Equipments Ltd
	Mr. Anvar Jay Varadaraj, Executive Director, Elgi Equipments Ltd
	Mr. Prakash S, Company Secretary
	Non-Executive Directors
	Mr. N. Mohan Nambiar
	Mr. B. Vijaykumar
	Mr. Sudarsan Varadaraj
	Dr. Ganesh Devaraj
	Mr. M. Ramprasad
	Mr. Harjeet Singh Wahan
	Mrs. Aruna Thangaraj

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

43 Related party transactions (Continued...)

Other companies / firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited
	Elgi Ultra Industries Limited
	Elgi Ultra Private Limited
	Elgi Rubber Company Limited
	LGB Forge Limited
	Festo India Private Limited
	AGT Electronics Limited
	Super Transports Private Limited
	Elgi Automotive Services Private Limited
	Soliton Technologies Private Limited
	Dark Horse Portfolio Investment Private Limited
	Bull Machines Private Limited
	PPL Enterprises Limited

(b) Particulars of transactions with related parties

	Joint Ventures & Others		**Key Management Personnel**		**Total**	
Description	**2022-23**	2021-22	**2022-23**	2021-22	**2022-23**	2021-22
Transactions during the year						
Purchase of goods	23.58	29.25	-	-	23.58	29.25
Sale of goods	704.23	581.96	-	-	704.23	581.96
Receiving of services	40.92	31.27	-	-	40.92	31.27
Providing of services (sale of services)	13.78	16.86	-	-	13.78	16.86
Interest received	-	0.66	-	-	-	0.66
Reimbursement of expenses						
To related parties	1.99	2.38	-	-	1.99	2.38
By related parties	1.10	1.01	-	-	1.10	1.01
Investments	30.81	55.36	-	-	30.81	55.36
Sale of Property, plant & equipment	0.05	-	-	-	0.05	-
Dividends received	31.28	20.65	-	-	31.28	20.65
Dividends paid	79.82	53.59	-	-	79.82	53.59
Exercise of shares under ESOP scheme	-	-	5.00	-	5.00	-
Key management personnel compensation*						
Short-term employee benefits	-	-	53.82	44.90	53.82	44.90
Other long-term benefits	-	-	2.95	2.69	2.95	2.69

*The Key management personnel compensation does not include gratuity since the same is computed actuarially for all the employees and amount attributable to key management personnel cannot be ascertained separately and does not include unvested share based payments.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

43 Related party transactions (Continued...)

The remuneration paid to the Managing Director of the Holding Company amounting to ₹21.05 million and to Executive Director amounting to ₹12.86 million (₹4.64 million from Elgi Equipments Limited and ₹8.22 million from subsidiary Elgi Compressors USA Inc.) is in accordance with the provisions of Section 197 read with schedule V to the Companies Act, 2013.

Particulars	Joint Ventures & Others		Key Management Personnel		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Balances at year end						
Investments accounted for using the equity method	234.89	200.96	–	–	234.89	200.96
Trade receivable at the end of the year	176.76	158.69	–	–	176.76	158.69
Other receivables at the end of the year	1.98	1.68	–	–	1.98	1.68
Payable at the end of the year	10.28	11.11	–	–	10.28	11.11

(c) Terms and conditions

Transactions relating to dividends, subscriptions for new equity shares were on the same terms and conditions that applied to other shareholders.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

43(a) Details of material transactions with related parties

Particulars	Joint ventures & Others	
	2022-23	2021-22
Sale of goods		
Industrial Air Solutions LLP	344.02	316.52
Gentex Air Solutions, LLC	109.98	22.47
G3 Industrial Solutions, LLC	88.65	54.23
Pattons of California, LLC	81.99	117.76
Compressed Air Solutions of Texas, LLC	39.35	23.57
Evergreen Compressed Air and Vaccum LLC	32.07	36.66
LGB Forge Limited	2.56	–
Elgi Sauer Compressors Limited	5.21	3.63
Receiving services		
Elgi Ultra Private Limited	4.56	4.83
AGT Electronics	34.07	23.03
Investments*		
Evergreen Compressed Air and Vaccum LLC	8.22	14.38
Compressed Air Solutions of Texas, LLC	4.11	3.94
G3 Industrial Solutions, LLC	4.11	3.94
Gentex Air Solutions, LLC	4.11	9.45
CS Industrial Services, LLC	10.27	–
Pattons of California, LLC	–	23.65
*Includes the impact of translation at the closing exchange rate.		
Dividends received		
Elgi Sauer Compressors Limited	19.21	15.50
Industrial Air Solutions LLP	12.00	5.00
Dividends paid		
Dark Horse Portfolio Investment Private Limited	61.39	42.71
Elgi Ultra Industries Limited	11.86	9.91

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

44 Contingent liabilities and contingent assets

Contingent liabilities

(i) The group has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹50.59 million and ₹48.80 million in India as on March 31, 2023 and March 31, 2022 respectively. The group has deposited ₹5.56 million and ₹4.97 million against the above mentioned disputes as on March 31, 2023 and March 31, 2022, respectively.

The group has filed appeals with appropriate authorities of Central Excise and Sales Tax Department against their claims.

(ii) The group had deposited a sum of ₹18.80 million with Railways department of the Government of India in respect of a Road Under Bridge (RUB) project undertaken by the Railways near the Holding Company's factory at Kodangipalayam village. As Railways had planned for a Limited Use Subway and as the RUB project undertaken would benefit the public at large, the deposit was made as directed by the Madras High Court as an interim measure, pending finality as to whether the Company has to bear the full cost or only the differential cost. The group received an unfavourable order on June 03, 2020 from the single judge of the Madras High Court holding that neither party is required to make any payment to the other. The group filed an appeal against this order before the Division bench and was able to get the stay of the order of the single judge. The group is reasonably confident of defending the case successfully to a large extent, however, in order to be realistic and out of abundant caution, the group has decided to make a provision of ₹7.71 Million for the year ended March 31, 2023 based on a possibility that the group may be requested by the court to bear the incremental cost of the RUB. This provision should not be construed as an admission of liability under any circumstances and has been made purely as an accounting prudence.

(iii) The group has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact.

(iv) The Holding Company received a summon during the latter part of the year from an appropriate authority under Foreign Exchange Management Act, 1999 ('FEMA') seeking information primarily relating to imports and exports including transactions pertaining to earlier years. The group has been submitting the relevant information and believes that it can provide additional information as needed to address the queries raised in the summon. In the management's assessment, any consequential fee under the said Act, for the aforesaid matter is not likely to have a significant impact on the financial statements as of and for the year ended March 31, 2023.

44A The Group has received whistle-blower complaints during the year and based on the preliminary findings in relation to certain complaints and in the assessment of the management, there is no impact on the financial statements and the related internal controls as of March 31, 2023.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

45 Commitments

(a) Capital commitments

Particulars	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on capital account	220.87	189.38

46 Assets Pledged as security

(a) Charge on Assets	9,649.38	8,740.80
(b) Charge on Property, Plant & equipment	1,666.57	1,522.45
(c) Cash Margin	8.00	249.16
	11,323.95	**10,512.41**

(i) Borrowing secured against current assets

The group has working capital limits from banks and financial institutions received on the basis of security of current assets. The quarterly returns or statement of current assets filed by the group with banks and financial institutions are in agreement with the books of accounts.

(ii) Utilisation of borrowed funds and share premium

The group 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 entity(ies) 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.

The group 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 group 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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023
(All amounts are in Millions in INR unless otherwise stated)

47 Share based payments

Employee Stock Option Plan

The establishment of Elgi Equipments Limited Employee Stock Options Plan, 2019 (Elgi ESOP 2019) was approved by the Board of Directors at its meeting held on December 16, 2019 and the shareholders by way of postal ballot on January 31, 2020.

The plan shall be administered through a Trust via acquisition of the equity shares from the secondary market.

The Elgi ESOP 2019 plan is designed to provide benefits to the eligible employees of the Parent and its subsidiaries. Under the plan, the participants are granted options which vest upon completion of three years of service from the grant date. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, the options remain exercisable for a period of three months.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is the summary of options granted under the plan:

Particulars	March 31, 2023		March 31, 2022	
	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	175.83	7,81,900	100.03	3,07,600
Granted during the year*	450.00	1,52,600	225.00	4,74,300
Exercised during the year	(100.03)	(1,25,000)	–	–
Forfeited during the year	(176.32)	(2,87,500)	–	–
Closing balance	**273.87**	**5,22,000**	**175.83**	**7,81,900**
Vested and exercisable	**100.03**	**70,600**	**–**	**–**

*the Company issued grants of 1,52,600 shares of ₹1/- each at exercise price of ₹450.00 per share on September 26, 2022 and 4,74,300 shares of ₹1/- each at exercise price of ₹225.00 per share on August 03, 2021 for the year ended March 31, 2023 and March 31, 2022, respectively.

Share options outstanding at the end of the year March 31, 2023 and March 31, 2022:

Grant date	Expiry date	March 31, 2023		March 31, 2022	
		Exercise price (₹)	Share Options	Exercise price (₹)	Share Options
March 6, 2020	June 5, 2023	100.03	70,600	100.03	3,07,600
August 3, 2021	November 01, 2024	225.00	2,98,800	225.00	4,74,300
September 26, 2022	December 25, 2025	450.00	1,52,600	–	–

(a) Grant 1 (70,600 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2023 and March 31, 2022 is 0.18 years and 1.18 years, respectively.

(b) Grant 2 (2,98,800 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2023 and March 31, 2022 is 1.59 years and 2.59 years, respectively.

(c) Grant 3 (1,52,600 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2023 is 2.74 years.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

47 Share based payments (Continued...)

(i) Fair value of options granted

a) Grant 1 (3,07,600 Shares) dated March 06, 2020:

The fair value at grant date of options granted during the year ended March 31, 2020 is ₹27.71 per option after allotment of bonus shares. The fair value of these options before bonus issue were ₹55.42. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2020 included the following:

a) Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹200.05

c) Grant date: March 06, 2020

d) Expiry date: June 05, 2023

e) Share price at grant date: ₹201.65

f) Expected price volatility of the company's shares: 30.45%

g) Expected dividend yield: 0.82% (determined based on latest dividend declared at ₹1.65 per share as on valuation date)

h) Risk-free interest rate: 5.48%

The expected volatility is calculated using market data for stock prices of ELGi. (Source: Bloomberg)

b) Grant 2 (4,74,300 Shares) dated August 03, 2021:

The fair value at grant date of options granted during the year ended March 31, 2022 is ₹65.29 per option. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2022 included:

a) Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹225

c) Grant date: August 03, 2021

d) Expiry date: November 01, 2024

e) Share price at grant date: ₹212.50

f) Expected price volatility of the company's shares: 40.41%

g) Expected dividend yield: 0.38% (determined based on latest dividend declared at ₹0.80 per share as on valuation date)

h) Risk-free interest rate: 4.98%

The expected volatility is computed using standard deviation of returns of the share prices, for the term equal to residual maturity of the option life.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

47 Share based payments (Continued...)

c) Grant 3 (1,52,600 Shares) dated September 26, 2022:

The fair value at grant date of options granted during the year ended March 31, 2023 is ₹189.46 per option. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2023 included:

a) Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹450

c) Grant date: September 26, 2022

d) Expiry date: December 25, 2025

e) Share price at grant date: ₹421.45

f) Expected price volatility of the company's shares: 60.50%

g) Expected dividend yield: 0.27% (determined based on latest dividend declared at ₹1.15 per share as on valuation date)

h) Risk-free interest rate: 7.34%

The expected volatility is computed using standard deviation of returns of the share prices, for the term equal to residual maturity of the option life.

(ii) Expense arising from share based transactions:

Total expense arising from the employee stock options plan recognised in profit or loss as a part of employee benefit expenses for March 31, 2023 and March 31, 2022 is:

Particulars	March 31, 2023	March 31, 2022
Employee stock option expense (refer note 34)	6.80	8.83
Legal & Consultancy charges (refer note 37)	1.63	0.81
Expense carried to statement of profit and loss	**8.43**	**9.64**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

48 Earnings per equity share for profit attributable to the owners of Elgi Equipments Limited

Particulars	March 31, 2023	March 31, 2022
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	11.72	5.64
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	11.71	5.64
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	3,708.09	1,784.28
Diluted earnings per share		
Profit attributable to equity holders of the Company		
– used in calculating basic earnings per share	3,708.09	1,784.28
– used in calculating diluted earnings per share	3,708.09	1,784.28
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**3,708.09**	**1,784.28**
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**316.43**	**316.31**
Adjustments for calculation of diluted earnings per share:	0.11	0.19
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**316.54**	**316.50**

49 Impact of COVID-19 Pandemic:

The second wave of COVID 19 pandemic posed certain operational and supply chain challenges which impacted the delivery of products and services to our customers in the 1st quarter of the last financial year. The situation has significantly improved since. There is no impact of the pandemic on the Group's Consolidated financial statements for the year ended March 31, 2023.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

50 Additional information required by Schedule III

Name of the entity in the Group	Net Assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Elgi Equipments Limited								
(refer note 1)								
March 31, 2023	89%	12,220.00	73%	2,724.78	(12%)	(2.49)	73%	2,722.29
March 31, 2022	95%	9,841.28	106%	1,893.59	56%	40.47	104%	1,934.06
Subsidiaries								
Indian								
ATS Elgi Limited								
March 31, 2023	8%	1,132.09	5%	192.77	(13%)	(2.63)	5%	190.14
March 31, 2022	10%	1,008.10	7%	133.53	0%	(0.33)	7%	133.20
Adisons Precision Instruments Manufacturing Company Limited								
March 31, 2023	1%	114.41	0%	0.92	0%	–	0%	0.92
March 31, 2022	2%	188.48	4%	75.98	0%	–	4%	75.98
Ergo Design Private Limited								
March 31, 2023	0%	5.89	0%	1.44	(1%)	(0.13)	0%	1.31
March 31, 2022	0%	4.58	0%	0.85	0%	–	0%	0.85
Foreign								
Elgi Gulf FZE								
March 31, 2023	0%	8.89	1%	36.09	(7%)	(1.45)	1%	34.64
March 31, 2022	0%	(25.74)	0%	0.87	(1%)	(0.92)	0%	(0.05)
Elgi Compressors Do Brasil Imp.E.Exp LTDA								
March 31, 2023	1%	143.62	5%	169.12	26%	5.44	5%	174.56
March 31, 2022	0%	(30.94)	3%	58.63	(14%)	(10.48)	3%	48.15
Elgi Equipments Australia Pty Limited								
March 31, 2023	1%	164.52	2%	79.57	(13%)	(2.70)	2%	76.87
March 31, 2022	1%	87.65	3%	60.34	4%	2.57	3%	62.91
Elgi Compressors Italy S.R.L								
March 31, 2023	8%	1,032.39	3%	105.61	285%	59.76	4%	165.37
March 31, 2022	8%	867.02	2%	27.94	(27%)	(19.79)	0%	8.15
Rotair SPA								
March 31, 2023	4%	614.73	5%	194.57	90%	18.91	6%	213.48
March 31, 2022	5%	505.43	10%	179.53	(6%)	(4.42)	9%	175.11
Elgi Compressors Europe S.R.L(Consolidated)								
March 31, 2023	(16%)	(2,145.82)	(16%)	(600.98)	(597%)	(125.33)	(19%)	(726.31)
March 31, 2022	(14%)	(1,419.56)	(33%)	(585.11)	49%	35.20	(30%)	(549.91)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

50 Additional information required by Schedule III (Continued...)

	Net Assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
Name of the entity in the Group	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Elgi Compressors USA Inc. (Consolidated) (refer note 2)								
March 31, 2023	20%	2,791.07	30%	1,116.69	719%	150.83	34%	1,267.52
March 31, 2022	15%	1,523.55	8%	147.04	71%	51.14	11%	198.18
PT Elgi Equipments Indonesia								
March 31, 2023	0%	53.16	0%	7.55	9%	1.92	0%	9.47
March 31, 2022	0%	43.69	0%	6.02	3%	2.35	0%	8.37
Industrial Air Compressors Pty Ltd (Consolidated)								
March 31, 2023	0%	151.17	1%	53.54	29%	6.03	2%	59.57
March 31, 2022	0%	91.60	1%	15.05	26%	18.87	2%	33.92
Elgi Compressors (M) SDN.BHD.								
March 31, 2023	0%	0.08	0%	(15.58)	0%	0.06	0%	(15.52)
March 31, 2022	0%	15.60	0%	(2.42)	0%	0.13	0%	(2.29)
Joint Ventures (Investment as per equity method)								
Indian								
Elgi Sauer Compressors Limited								
March 31, 2023	1%	96.78	1%	32.00	1%	0.26	1%	32.26
March 31, 2022	1%	83.74	1%	25.61	0%	0.27	1%	25.88
Industrial Air Solutions LLP								
March 31, 2023	0%	0.79	0%	9.59	0%	-	0%	9.59
March 31, 2022	0%	9.29	0%	7.73	0%	-	0%	7.73
Sub-total								
March 31, 2023	**117%**	**16,383.77**	**110%**	**4,107.68**	**516%**	**108.48**	**114%**	**4,216.16**
March 31, 2022	**123%**	**12,793.77**	**112%**	**2,045.18**	**161%**	**115.06**	**114%**	**2,160.24**
Add/(less): Consolidation adjustments and inter-company eliminations								
March 31, 2023	(17%)	(2,672.22)	(10%)	(399.59)	(416%)	(87.50)	(14%)	(487.09)
March 31, 2022	(23%)	(2,468.64)	(12%)	(260.90)	(61%)	(42.64)	(14%)	(303.54)
Total								
March 31, 2023	**100%**	**13,711.55**	**100%**	**3,708.09**	**100%**	**20.98**	**100%**	**3,729.07**
March 31, 2022	**100%**	**10,325.13**	**100%**	**1,784.28**	**100%**	**72.42**	**100%**	**1,856.70**

Note:

(1) Elgi Equipments Limited includes the group's share in the assets and results of L.G. Balakrishnan & Bros. and Elgi Services classified as Joint Operations.

(2) Elgi Compressors USA Inc. includes share of profit or loss of joint ventures - Evergreen Compressed Air and Vacuum LLC,Compressed Air Solutions of Texas LLC, PLA Holding Company LLC, G3 Industrial Solutions LLC, Gentex Air Solutions LLC and CS Industrial Services, LLC. The amounts presented for Elgi Sauer excludes fair value gain on shares of Elgi Equipments Limited.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2023

(All amounts are in Millions in INR unless otherwise stated)

51 Exceptional items

During the year, Patton's Inc the subsidiary of Elgi Compressors USA Inc. has completed the sale of property located at Charlotte, North Carolina, USA. The amounts recognised in statement of Profit and Loss and net cash flows arising from sale are given below:

Particulars	March 31, 2023
Gross consideration received	1,369.57
Less: Expenses incurred for sale	(69.37)
Net Proceeds from sale	**1,300.20**
Less: Carrying value of assets held for sale	(231.71)
Add/ less: Translation differences	(14.62)
Net gain recognised as Exceptional item in the Statement of Profit & Loss	**1,053.87**
Cash flows	
Net Proceeds from sale	1,300.20
Less: Income tax paid (net)	(221.12)
Proceeds from disposal of assets held for sale (net)	**1,079.08**

52 Relationship with struck off companies

The group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

53 Compliance with number of layers of companies

The group has complied with the number of layers prescribed under the Companies Act, 2013.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 19, 2023

As per our reports of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 19, 2023

FORM AOC-1
Part "A" : Subsidiaries

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

Statement containing salient features of the financial statement of Subsidiaries :-

(All amounts are in Million in INR unless otherwise stated)

Name of the Subsidiary Company	Adisons Precision Instruments Manufacturing Company Limited	ATS Elgi Limited	Elgi Gulf (FZE)	Elgi Compressors Do BRAZIL IMP. E.EXP.Ltda	Elgi Equipments Australia Pty Limited	Industrial Air Compressors Pty Ltd	F.R.Pulford & Son Pty Ltd	Advanced Air Compressors Pty Ltd
Reporting Currency	INR	INR	DHS	BRL	AUD	AUD	AUD	AUD
Financial Year of the Subsidiary ended on	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
Exchange Rate (in ₹)	1.00	1.00	22.38	16.23	54.91	54.91	54.91	54.91
Share Capital	10.92	0.90	1.78	110.06	0.01	0.01	74.89	0.00*
Reserves and Surplus	103.49	1,131.19	7.11	33.56	164.52	(59.77)	331.16	374.40
Share Application Money pending allotment	-	-	-	-	-	-	-	-
Total Liabilities	0.24	556.11	362.36	329.79	188.42	728.23	327.26	56.92
Total Assets (Excluding Investments)	114.65	1,688.20	371.25	473.41	352.89	10.94	535.10	431.25
Investments (Other than Investments in Subsidiaries & Joint Ventures)	-	-	-	-	-	-	0.08	-
Turnover	-	2,297.87	764.13	571.78	553.09	-	848.89	354.93
Profit before Tax	1.30	259.75	36.09	167.52	113.67	(20.31)	63.28	69.88
Provision for Taxation	0.38	66.99	-	(1.60)	34.10	(6.10)	19.38	20.97
Profit after Tax	0.92	192.77	36.09	169.12	79.57	(14.21)	43.90	48.91
Proposed Dividend	-	94.50	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100

* amount is below the rounding off norm adopted by the group.

Note: Elgi Compressors Vietnam LLC was incorporated on March 01, 2023. However, Investment has not been made in the company and there are no transactions as of and for the year ended March 31, 2023.

FORM AOC-1
Part "A" : Subsidiaries

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

Statement containing salient features of the financial statement of Subsidiaries :-

(All amounts are in Million in INR unless otherwise stated)

Name of the Subsidiary Company	Elgi Compressors Italy S.r.l.	Rotair Spa	Elgi Compressors Europe S.R.L	Elgi Compressors Iberia S.L.	Elgi Compressors Eastern Europe sp. z.o.o.	Elgi Compressors France SAS	Elgi Compressors Nordics	Elgi Compressors UK and Ireland Limited
Reporting Currency	EURO	EURO	EURO	EURO	PLN	EURO	SEK	GBP
Financial Year of the Subsidiary ended on	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
Exchange Rate (in ₹)	89.01	89.01	89.01	89.01	89.01	89.01	89.01	89.01
Share Capital	319.79	53.58	4.51	0.27	0.10	0.89	0.39	-
Reserves and Surplus	712.60	561.15	(2,182.94)	7.55	4.34	6.93	3.57	5.19
Share Application Money pending allotment	-	-	-	-	-	-	-	-
Total Liabilities	135.91	1,876.67	4,181.00	15.64	14.52	28.67	19.63	15.85
Total Assets (Excluding Investments)	248.60	2,491.38	1,999.77	23.45	18.95	36.49	23.59	21.04
Investments (Other than Investments in Subsidiaries Joint Ventures)	-	0.03	-	-	-	-	-	-
Turnover	-	2,864.89	1,981.45	76.53	55.08	113.30	52.00	70.61
Profit before Tax	114.61	277.03	(617.74)	3.64	3.90	4.84	1.56	2.97
Provision for Taxation	8.99	82.45	0.55	(0.56)	0.09	1.32	0.58	0.89
Profit after Tax	105.61	194.57	(618.29)	4.21	3.81	3.52	0.98	2.07
Proposed Dividend	-	-	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100

FORM AOC-1
Part "A" : Subsidiaries

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

Statement containing salient features of the financial statement of Subsidiaries :-

(All amounts are in Million in INR unless otherwise stated)

Name of the Subsidiary Company	Elgi Compressors Southern Europe SRL	Elgi Compressors USA Inc.	Michigan Air Solutions, LLC	Patton's Inc.	Patton's Medical LLC.	PT Elgi Equipments Indonesia	Elgi Compressors (M) SDN. BHD.	Ergo Design Private Limited
Reporting Currency	EURO	USD	USD	USD	USD	IDR	MYR	INR
Financial Year of the Subsidiary ended on	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
Exchange Rate (in ₹)	89.01	82.17	82.17	82.17	82.17	0.01	18.62	1.00
Share Capital	0.89	1,088.29	448.93	-	8.22	19.05	17.89	0.10
Reserves and Surplus	5.47	697.12	71.75	2,608.37	(202.92)	34.11	(17.80)	5.79
Share Application Money pending allotment	-	-	-	-	-	-	-	-
Total Liabilities	42.82	4,692.29	220.48	751.81	933.78	43.96	6.75	19.33
Total Assets (Excluding Investments)	49.18	3,141.10	741.16	3,351.96	739.07	97.12	6.84	25.22
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	-
Turnover	107.52	4,717.74	992.18	2,045.90	1,483.56	147.59	-	19.68
Profit before Tax	2.51	366.77	4.21	1,040.69	102.89	10.45	(15.58)	1.68
Provision for Taxation	0.97	95.54	0.44	273.01	27.02	2.90	-	0.24
Profit after Tax	1.54	271.23	3.78	767.68	75.88	7.55	(15.58)	1.44
Proposed Dividend	-	-	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100

FORM AOC-1
Part "B" : Associates and Joint Ventures

Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Associates and Joint Ventures

(All amounts are in Millions in INR unless otherwise stated)

Sl. No.	Name of Joint Ventures	Elgi Sauer Compressor Ltd	Industrial Air Solutions LLP	Evergreen Compressed Air & Vaccum LLC	PLA Holding Company LLC	Compressed Air Solutions of Texas, LLC	G3 Industrial Solutions, LLC	Gentex Air Solutions LLC	CS Industrial LLC*	L.G.Balakrishnan & Bros (Firm)	Elgi Services
1	Latest Audited Balance Sheet Date	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
2	Date of formation/ acquisition of associate/ joint venture	July 15, 2008	Dec 01, 2016	June 06, 2019	Sep 01, 2020	May 22, 2020	Oct 14, 2020	July 07, 2021	March 09, 2023	April 01, 1954	June 05, 1996
3	Shares if Associate/Joint Ventures held by the Company on the year end :										
	No of Shares	1,68,994									
	Amount of Investment in Associates/Joint Venture	1.69	4.00	42.44	81.27	20.54	18.49	13.97	10.27	124.00	0.40
	Extent of Holding	26%	50%	50%	50%	50%	33.33%	33.33%	33.33%	98%	80%
4	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Operation	Joint Operation
5	Reason why the associate/joint venture is not consolidated	Consolidated to the extent of holding i.,e 26 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 33.33 %	Consolidated to the extent of holding i.,e 33.33 %	Consolidated to the extent of holding i.,e 33.33 %	Consolidated to the extent of holding i.,e 98 %	Consolidated to the extent of holding i.,e 80 %
6	Networth attributable to Shareholding as per latest audited Balance Sheet**	96.78	0.79	35.20	47.61	17.77	16.11	10.36	10.27	124.00	0.40
7	Profit/Loss for the Year**										
	i. Considered in Consolidation	32.00	9.59	(2.87)	(22.12)	4.26	3.69	0.24	-	(0.17)	-
	ii. Not Considered in Consolidation	91.08	9.59	(2.87)	(22.12)	4.26	7.38	0.47	-	***	-

*Incorporated during the year and there are no transactions as of and for the year ended March 31, 2023.

**Net of profit elimination on Inter-company stock.

***amount is below the rounding off norm adopted by the group.

Subsidiaries

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