

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the partners of **L.G.Balakrishnan & Bros (Firm)**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **L.G.Balakrishnan & Bros (Firm)** ("the Entity"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view of the financial position of the entity as at March 31, 2023, and of its financial performance for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

Basis for Opinion

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the aforesaid Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Entity has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For RJC Associates

Chartered Accountants

Firm's Registration No: 003496S



R. Jeyachandran

Partner

Membership No: 021848



Coimbatore

08-05-2023

UDIN: 23021848BGVMJQ1177

L.G.Balakrishnan & Bros (Firm), Coimbatore

Balance sheet

Particulars	Note	As at March 31, 2023	As at March 31, 2022
EQUITY AND LIABILITIES			
Partners Funds			
Partners Capital Account	2	12,64,11,553	12,64,11,553
Partners Current Account	3	(88,72,924)	(88,02,128)
Reserves and surplus	4	-	-
		<u>11,75,38,629</u>	<u>11,76,09,425</u>
Current liabilities			
Trade payables	5		
To micro, small and medium enterprises		59,000	59,000
To other than micro, small and medium enterprises		15,909	64,97,850
Short-term provisions	6	<u>74,909</u>	<u>65,56,850</u>
TOTAL		11,76,13,538	12,41,66,275

ASSETS

Non-current assets			
Property, Plant, Equipment and Intangible assets	7		
Property, Plant and Equipment		11,46,34,968	11,46,34,968
Intangible assets		-	-
Capital work-in-progress		-	-
Intangible assets under developments		-	-
Other non-current assets	8	<u>48,953</u>	<u>48,953</u>
		<u>11,46,83,921</u>	<u>11,46,83,921</u>
Current assets			
Cash and cash equivalents	9	26,97,575	23,15,257
Other current assets	10	<u>2,32,042</u>	<u>71,67,097</u>
		<u>29,29,617</u>	<u>94,82,354</u>
TOTAL		11,76,13,538	12,41,66,275

Significant accounting policies

1

The notes referred to above forming part of the financial statements.

As per our report of even date

For RJC Associates

Chartered Accountants

Firm Registration No: 0034965



R. Jeyachandran

Partner

Membership No: 021848

Coimbatore

08-05-2023

For and on behalf of the firm

For Elgi Equipments Ltd

For Elgi Ultra Pvt Ltd



Director

Partner



Director

Partner

Me BB

Coimbatore

08-05-2023

Coimbatore

08-05-2023



L.G.Balakrishnan & Bros (Firm), Coimbatore**Statement of profit and loss**

Particulars	Note	For the period ended March 31, 2023	For the period ended March 31, 2022
Revenue:			
Revenue from operations		-	-
Other income	11	4,93,668	6,33,55,032
Total Revenue		4,93,668	6,33,55,032
Expenses:			
Other expenses	12	4,42,675	2,79,842
Total Expenses		4,42,675	2,79,842
Profit before tax and partners remuneration		50,993	6,30,75,190
Partners Remuneration		-	-
Profit before tax		50,993	6,30,75,190
Tax expense:	13		
Current tax expenses		15,909	64,11,245
Tax expense relating to prior period		2,01,749	-
Deferred tax expenses/(credit)		-	-
Profit (Loss) for the period		(1,66,665)	5,66,63,945
Share of profit transferred to:			
Elgi Equipments Limited	98%	(1,63,332)	5,55,30,666
Elgi Ultra Industries Limited	2%	(3,333)	11,33,279
Profit (Loss) transferred to the partners account		(1,66,665)	5,66,63,945

Significant accounting policies

1

The notes referred to above forming part of the financial statements.

As per our report of even date

For RJC Associates

Chartered Accountants

Firm Registration No: 0034965



R. Jeyachandran

Partner

Membership No: 021848

For and on behalf of the firm

For Elgi Equipments Ltd

For Elgi Ultra Pvt Ltd



Director

Partner



Director

Partner

Coimbatore

08-05-2023

Coimbatore

08-05-2023

Coimbatore

08-05-2023



1. Firm information:

L.G.Balakrishnan & Bros (the Entity) formed through a partnership deed dated April 01, 1954. The registered office is situated at 1443/1, India House, Trichy Road, Race Course, Coimbatore - 641 018.

Significant accounting policies:

Basis of preparation of financial statements:

Statement of compliance

These financial statements are prepared in accordance with generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis of accounting. The financial statements as per the accounting standards issued by The Institute of Chartered Accountants of India ("ICAI") and revised from time to time. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Entity is classified as a Level IV entity under the General Instructions to Accounting Standards issued by the Institute of Chartered Accountants of India for non-corporate entities. Accordingly, the Firm has complied with the applicable Accounting Standards for Level IV entities.

Use of estimates

The preparation of financial statements with the conformity of generally accepted accounting principles ('GAAP') requires Management to make judgements, assumptions and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Subsequent expenditures related to an item of property, plant and equipment are added to its book value only if they increase the future economic benefits from the existing asset beyond its previously assessed standard of performance and the cost can be reliably measured. The cost and the accumulated depreciation for the assets sold, retired or otherwise disposed are removed from the stated values and the resulting gains and losses are recognised in the Statement of Profit and Loss.

Capital Work-in-progress

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest. Property, plant and equipment acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use. Advance paid for acquisition / construction of property plant and equipment which are not ready for their intended use at each balance sheet date are disclosed under loans and advances as capital advances.

Depreciation

Depreciable amount for an asset is the cost of asset, or other amount substituted for cost, less its estimated residual value. When significant part of the main asset is having different useful lives as compared to the main asset, the Entity depreciates them separately based on their specific useful lives. Depreciation is provided on straight line method. The useful life and residual values are periodically reviewed by management and changes are made prospectively.

Borrowing cost

Borrowing costs that are attributable to the acquisition, construction of qualifying assets is treated as direct cost and are considered as part of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost attributable to qualifying assets up to the date the asset is ready for its intended use will be included in the cost of that qualifying assets. Capitalisation of borrowing costs is suspended during the extended period in which active development is interrupted. Capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Other borrowing cost mainly includes loan processing charges which are debited to statement of profit and loss as and when incurred.



Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Statement of Profit and Loss. Long-term investments are valued at cost, less any provision for diminution to recognise a decline, other than temporary, in the value of such investments; decline, if any, is charged to the Statement of Profit and Loss. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost is determined using First-in First-out basis (FIFO) method. The Cost of inventories comprises expenditure incurred in acquiring the inventories, production and conversion costs and other costs incurred in bringing them to their present location and condition. The comparison of cost and net realizable value is made on item-by-item basis.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Entity and the revenue can be reliably measured.

- a. Income from letting out of property is recognised as revenue as per the contractual terms unless significant future uncertainties exist.
- b. Dividend income from investments is recognized when the Entity's right to receive payment is established.
- c. Interest income is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d. Claims are accounted to the extent lodged with the appropriate authorities.

Tax expense

Income tax expense comprises current income tax and deferred tax charge or credit. Current tax expense is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Entity has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Entity or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Entity does not recognize a contingent liability but discloses its existence in the financial statements. Contingent Assets are not recognised or disclosed in the financial statements.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.



L.G.Balakrishnan & Bros (Firm), Coimbatore

Notes forming part of the financial statements for the period ended 31 March 2023

Note: 2 Partners Capital

Particulars	As at March 31, 2023	As at March 31, 2022
Elgi Equipments Limited	12,40,00,194	12,40,00,194
Elgi Ultra Limited	24,11,359	24,11,359
	12,64,11,553	12,64,11,553

Note: 3 Partners Current Account

Particulars	As at March 31, 2023	As at March 31, 2022
Elgi Equipments Limited	(84,93,332)	(85,95,869)
Elgi Ultra Limited	(3,79,592)	(2,06,259)
	(88,72,924)	(88,02,128)

Elgi Equipments Limited current Account

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	(85,95,869)	(6,39,17,795)
Add: Additions	2,65,869	-
Add: Current period profit/(loss)	(1,63,332)	5,53,21,926
Less: Withdrawals during the period	-	-
	(84,93,332)	(85,95,869)

Elgi Ultra Limited current Account

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	(2,06,259)	(13,35,277)
Add: Additions	-	-
Add: Current period profit/(loss)	(3,333)	11,29,018
Less: Withdrawals during the period	(1,70,000)	-
	(3,79,592)	(2,06,259)

Note: 4 Reserves and surplus

Particulars	As at March 31, 2023	As at March 31, 2022
Undistributed Surplus (Balance in profit and loss account)		
At the commencement of the period	-	-
Add: Net profit for the period	(1,66,665)	5,66,63,945
Less: Distributed to partners	1,66,665	(5,66,63,945)
	-	-

Note: 5 Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
To micro, small and medium enterprises	-	-
To other than micro, small and medium enterprises	59,000	59,000
	59,000	59,000



Note: 6 Short-term provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for income tax	15,909	64,97,850
	15,909	64,97,850

Note: 7 Property, plant and equipment and intangible assets

Particulars	As at March 31, 2023	As at March 31, 2022
Property, Plant and Equipment	11,46,34,968	11,46,34,968
Intangible assets	-	-
Capital work-in-progress	-	-
Intangible assets under developments	-	-
	11,46,34,968	11,46,34,968

Refer note-14 for further information

Note: 8 Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits	48,953	48,953
	48,953	48,953

Note: 9 Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents:		
Cash on hand	8,949	9,074
Balances with banks:		
In current accounts	6,88,626	3,06,183
Other bank balances:		
Deposits with original maturity of less than 3 months	20,00,000	20,00,000
	26,97,575	23,15,257

Note: 10 Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on deposits	5,880	-
Rent receivables	91,462	2,62,429
Advance tax paid	66,000	57,21,000
Tax Deducted/Collected at Source	48,382	7,84,306
Refund receivables	-	3,79,044
Prepaid expenses	20,318	20,318
	2,32,042	71,67,097



L.G.Balakrishnan & Bros (Firm), Coimbatore

Notes forming part of the financial statements for the period ended 31 March 2023

Note: 11 Other Income

Particulars	For the period ended March 31, 2023	For the period ended March 31, 2022
Rental Income	4,06,500	72,72,677
Interest Income	87,168	28,754
Dividend Income	-	1,86,000
Profit on sale of investment	-	5,58,67,601
	4,93,668	6,33,55,032

Note: 12 Other expenses

Particulars	For the period ended March 31, 2023	For the period ended March 31, 2022
Rates and Taxes	3,54,664	2,17,968
Audit fee	59,000	59,000
Professional charges	23,600	-
Micellaneous expenses	5,411	2,874
	4,42,675	2,79,842

Note: 13 Tax expenses

Particulars	For the period ended March 31, 2023	For the period ended March 31, 2022
Current tax	15,909	64,11,245
Tax realting to prior period	2,01,749	-
Deferred tax expenses/(credit)	-	-
	2,17,658	64,11,245



L.G.Balakrishnan & Bros (Firm), Coimbatore

Notes forming part of the financial statements for the period ended 31 March 2023

Note: 14 Property, Plant, Equipment and Intangible assets

Property, Plant, Equipment

Particulars	Gross Block			Depreciation				Net Block
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Additions	Disposals	As at March 31, 2023
Land	11,09,12,243	-	-	11,09,12,243	-	-	-	11,09,12,243
Building	37,22,725	-	-	37,22,725	-	-	-	37,22,725
TOTAL	11,46,34,968	-	-	11,46,34,968	-	-	-	11,46,34,968

Particulars	Gross Block			Depreciation				Net Block
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Additions	Disposals	As at March 31, 2022
Land	11,09,12,243	-	-	11,09,12,243	-	-	-	11,09,12,243
Building	37,22,725	-	-	37,22,725	-	-	-	37,22,725
TOTAL	11,46,34,968	-	-	11,46,34,968	-	-	-	11,46,34,968



L.G.Balakrishnan & Bros (Firm), Coimbatore

Notes forming part of the financial statements for the period ended 31 March 2023

Note: 15 Related party disclosure

A) Name of related parties and description of relationship

Elgi Equipments Limited	Partner
Elgi Ultra Private Limited	Partner

B) Particulars of transactions with related parties

1. Transactions during the period

Particulars	For the period ended March 31, 2023	For the period ended March 31, 2022
<i>Elgi Equipments Limited</i>		
Dividend income	-	1,86,000
Rental income	4,06,500	4,06,500

Transactions were made on normal commercial terms and conditions and at market rates. There were no loans outstanding at any point of time during the year.

2. Balances at the period end

Particulars	For the period ended March 31, 2023	For the period ended March 31, 2022
Elgi Equipments Limited		
Rentals receivable	91,462	1,21,949

All outstanding balances are unsecured and are settled by cash.

Note: 16 Other information

- There are no prior period items. There are no changes in the accounting policies of the Entity from the previous period.
- The title deeds relate to all the immovable properties disclosed in to the financial statements, are held in the name of the Entity.
- The Entity has not advanced or loaned or invested funds (either from borrowed funds or any other sources or kind of funds) to or in any other persons(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 Entity (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Entity 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 Entity 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.

Figures of the previous period are regrouped and reclassified in the financial statements wherever necessary to correspond to figures of the current period.

As per our report of even date

For RJC Associates

Chartered Accountants

Firm Registration No: 003496S



R. Jeyachandran

Partner

Membership No: 021848

Coimbatore

08-05-2023

For and on behalf of the Firm

For Elgi Equipments Ltd



Director

Partner

Coimbatore

08-05-2023

For Elgi Ultra Pvt Ltd



Director

Partner

Coimbatore

08-05-2023



